

switches, receivable and HRC fuses, control equipment and systems, and other associated equipment/accessories are manufactured locally. The Indian cable industry is well-developed and offers a wide range of high/medium/low voltage XLPE, PILC, OVC, VIR and rubber cables.

India has witnessed the growth of several organizations specializing in engineering consultancy which have developed considerable expertise in turnkey projects, from site selection and system design to erection, commissioning and training.

Although the Indian heavy electrical industry is reasonably strong and investments are being made to meet the rapid increase in demand, it is unlikely that indigenous production will be able to satisfy India's needs. Industry sources estimate that private sector utilities will have to import most of their critical equipment, especially turbines and generators. The import of these products will be enhanced by the determination of foreign operators to purchase the most modern technologies and the best equipment available: something which Indian industry cannot always provide. There are also some doubts as to the ability of Indian companies to adhere to strict delivery schedules.

International Competition

The stiffest competition that Canadian companies will face on entering the Indian market will be from American, German, French, Australian and British companies.

ABB, GEC-Alsthom and Siemens are already very well established in India and have strongly positioned their products in the market. Several of the multinationals have entered into strategic alliances with reputable Indian companies for the manufacture of various products and have built large, influential networks. Canadian companies need to ensure that the products, equipment, and services they offer are internationally competitive.

Regulatory Framework

Under the Indian constitution, both the central and state governments have powers to enact legislation affecting the power sector. While the central government has taken control of the planning, financing and implementation of power projects, the state governments have primary responsibility for the distribution of electricity. This division of authority has resulted in a dysfunctional regulatory environment which Indian industry and the World Bank have requested the GOI address.

The GOI has announced the following incentives for private power projects: foreign investors are now allowed to own up to 100 percent of generating facilities; debt-to-equity ratio permitted up to 4:1; up to 40 percent of the total financing requirements can be arranged through Indian public sector financial institutions, and up to 20 percent through public issues; promoters' contribution should be at least 11 percent; licences are available for 30 years with subsequent