

The sectors were not selected to the exclusion of others. However, concentrating limited resources in high potential areas is the most effective means of succeeding in India. These highlighted sectors might also change over time because of market saturation, evolving Canadian industrial capabilities, changes in government policies, and domestic and world events. (Please refer to Appendix 2 for more detailed sectoral analyses)

**Energy I - (Oil and Gas)** - India is undergoing rapid change as the government recognizes that private sector investment is crucial to oil and gas development. Policies are quickly progressing toward increased domestic and foreign private sector participation. The annual market for oil and gas field equipment and services which is about US\$3.5 billion is expected to grow between 12-15 percent over the next five years. At present, almost 53 percent of total requirements are met through imports. As India begins to invite private sector participation in oil and gas contracts, the scope for Canadian exports and servicing in this sector widens. The Canadian oilfield manufacturing industry is well placed to fill the market requirements since Canada is a leading world supplier of niche advanced-petroleum equipment and technologies. Furthermore, Canadian companies have already established a sound reputation as reliable suppliers of quality products and equipment to India's oil and gas industry.

**Energy II - (Power)** - India is handicapped by inadequate power generation, transmission and distribution capacity. India has proposed to upgrade and expand its existing distribution system and to add approximately 30,000 megawatts of generating capacity by 1997. As a point of comparison, this addition would equal the total generating capacity of Ontario Hydro. With economic reform, enormous pent up demand caused by increased industrial capacity, a large emerging middle class, and changes to the policy governing private power-generation and transmission, the opportunities in this sector are greatest now. Canada is well placed to meet this challenge. We are the world's largest producer of hydro-electric power; the third largest producer of electricity from all sources; and we design, build and operate some of the largest and most complex electrical projects in the world.

**Telecommunications** - Among developing countries, the Indian market is second only to China's in terms of worldwide business potential for Canadian firms. With one of the lowest telephone densities in the world, India has a mammoth task before it to provide more extensive telephone coverage to its 900 million people, 75% of whom live in some 576,000 villages. Realizing the close link between telecommunications and economic development, India has now accorded top priority to the expansion of its telecommunications sector. The telephone network has been expanded from 3.0 million access lines in 1989 to 7.6 million lines in 1994; network modernization and expansion expenditures are estimated at US\$1.45 billion in 1992-93 and US\$1.93 billion in 1993-94. To reach its target of 20 million access lines by 2000, it is estimated that India will need some US\$50