

4.0 Environmental Market Opportunities for Canadian Companies

4.1 Market Overview

India's environmental market is embryonic. Annual sales are estimated at about \$700 million, split in a 85/15 ratio between environmental products and services. It is estimated that imported goods and services comprise 32 percent of the market. The market is expected to grow up to 25 percent every year until the turn of the century. CII projects that the market's size will reach \$4.5 billion by 2005.

CII recently analyzed environmental trends in India and reached three broad conclusions:

1. Although public awareness of environmental issues is currently low, especially in rural areas, it will grow and spread throughout the country over the next decade;
2. India's technical and human environmental resources will reach international standards within ten years. This will lead to a dramatic expansion of the domestic environmental products and services industry;
3. Market incentives will replace regulations and the legal system as the principal driving force of environmental improvements. The CII also foresees larger and more focused public participation in establishing and enforcing environmental standards.

The domestic environmental industry currently supplies 60-80 percent of the pollution control equipment market, with production expected to increase dramatically over the next few years. The most common equipment produced is for treating water and controlling air pollution. Due to supply gaps in environmental technologies and products available to Indian manufacturers, opportunities exist to supply materials such as membranes, resins, and activated carbon, as well as specialized technologies including filtration systems, scrubbers and incinerators. There is also a need for consultancy services in equipment design and installation as well as auditing and effluent analysis, particularly for small to medium-sized Indian enterprises.

There appear to be three kinds of suppliers of environmental technology and services in India.

1. Large and more sophisticated firms with joint ventures and licensing arrangements with foreign companies. These suppliers have experts at their disposal and are active in further development of their technologies and processes with Indian industries.
2. Domestic companies that take a *Made in India* approach, and choose to either sell outdated technologies that meets existing minimum requirements, or are researching new technologies. These type of companies tend to be concentrated in agri-food and info-tech industries.