Corporate taxes have been reduced by 5-10%. Further progressive reductions are planned.

Special investment and tax incentives are given for exports. (See section on taxation for details.)

Free repatriation of profits and capital investments is permitted for most industries, including pharmaceuticals.

The Foreign Investment Promotion Board (FIPB) has been set up to facilitate faster approval of investment proposals. Approval now takes about six weeks.

c) Foreign Exchange Policy

The Indian currency is denominated in Rupees (Rs). Presently, one Rupee is worth 0.0396 Canadian dollars; thus, Cdn $1 equals roughly Rs25.

Common denominations in India include 1 crore which is equivalent to 10 million rupees (Cdn $4 million) and 1 lakh, equal to 100 thousand rupees ($Cdn 40,000). Most business media and company reports use these terms. The Indian Rupee is now convertible on both current and capital accounts.

The Reserve Bank of India (RBI) administers India's foreign exchange controls and regulations under the authority of the Foreign Exchange Regulation Act (FERA).

d) Taxation

The general tax rate for Indian corporations is 40%, plus a surtax on profits over Rs 75,000 (Cdn $3,000). The result is an effective rate of 46%. Foreign companies are taxed at a higher rate of 55%.

Gains realized through some measures are taxed at lower rates for companies both foreign and domestic. These measures include interest on loans and dividends (25%) and royalties and technical fees (30%). Companies may be better off in structuring arrangements to pay higher royalties and technical fees rather than taking gains in the form of profits.

No income tax is charged for profits derived from exports from India.