Power estimates that India would need an additional 93 000 MW of installed capacity in the next 10 years, requiring an investment of Rs. 4 trillion (approximately $135 billion), in order to meet the rising demand.

Despite strong domestic demand for additional power development, and many government proclamations of fast-track projects and one-stop application processing, few private projects have been implemented in the power sector. Further delaying much-needed projects are the current regulatory regime, complicated state-level approvals (in addition to those required by the central government) and a lack of transparency in the approvals process. The Government has introduced a number of new policies to help move new projects forward. These include the development of central and state regulatory commissions, a new hydro policy, a policy for mega-projects, a policy on privatization of transmission and distribution, and allowing foreign firms 100% equity in power-generation projects.

State electricity boards are largely in poor financial condition and will need greater support, major reforms and/or privatization to help reduce India's significant power-supply shortage. A number of state electricity boards, with funding from the World Bank and the Asian Development Bank (ADB), have embarked on the path of restructuring their operations. These include the states of Orissa, Andhra Pradesh, Hariyana, Uttar Pradesh, Rajasthan, Tamil Nadu and Kerala. The CIDA-funded energy infrastructure services project in Kerala is aimed at enhancing the capabilities of personnel and restructuring the state electricity board to make it better able to plan for the development of the power sector. Restrictions in the Indian financial services sector also limit the number of projects that can gain adequate financing. Canada will continue to use every opportunity to advocate further reforms in this sector. Export Development Canada (EDC) is quite active in India, having allocated a significant portion of its estimated $2 billion commitments in India to the power sector.

Mining, Metals and Minerals

Possessing a wealth of mineral resources and a flourishing mining industry that produces over 84 minerals valued at approximately US$8.6 billion, this sector contributes around 11% of India's total industrial production and has the potential to increase this share to 20% to 25%. With major changes in the ownership laws for mines and expanding opportunities of FDI, the Indian mines, minerals and metals market has become extremely attractive to foreign companies and domestic investors. In an effort to increase FDI in exploration, mining, mineral processing and metallurgy, the Indian government has allowed 100% foreign investment for all minerals except diamonds and precious stones. In the case of diamonds and precious stones, foreign equity positions of up to 74% will be allowed automatically for both exploration and mining and exploration operations.

The Indian and Canadian mining sectors are complementary, given Canada's capabilities in technology in mining, coal and steel production and metal processing. Areas of potential growth include mineral exploration and mine development, sale of minerals and coal, mineral and coal processing (such as coal washery), mining equipment (including large mining equipment and small components such as drill bits), technical services (including consulting engineering, laboratory and airborne surveying) and management services (including privatization, venture capital, investment advisory).

Investment in mining (both incoming and outgoing) is becoming a hot area in India. The Government is keen to attract and effectively use state-of-the-art technology, and modern management methods and expertise, which the major mining houses from other countries bring along with their capital resources. Indian companies are pursuing investment leads in this sector in Canada. While India is still a developing country, it also has companies with money to invest outside India — the total amount in all sectors could soon surpass the $100 billion mark.

Agricultural and Manufactured Goods

India maintains a number of restrictions related to balance-of-payments ("negative list"), affecting both agricultural and manufactured goods. The list includes banned items (for example, offal and animal tallow, and bovine genetics) and restricted items that require an import licence. However, the Special Additional Duty (SAD) of 4% on imports of edible oils has been withdrawn.

The 1999 central budget moved about 1000 consumer products from the restricted list to the open general list (OGL). In the agri-food sector, up to 50% of the production of export-oriented units (EOUs) are allowed to be sold in the domestic market, as compared to a 20% limit in other sectors, thus encouraging foreign investment in the food sector.