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## **PRIMARY/SECONDARY INDUSTRIAL MACHINERY**

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### **Opportunities**

India's economic performance is expected to continue to be strong over the next few years, presenting Canadian firms involved in the industrial machinery/equipment industry with a number of interesting commercial opportunities.

Investment in environmental monitoring and control equipment in India is expected to reach approximately US\$1.9 billion over the next five years as government policies encouraging pollution control and increased enforcement of environmental management begin to yield results. Currently, liquid pollution-control equipment accounts for over 50 percent of the total Indian market for environmental monitoring and control, and investment in this segment of the market is expected to be the strongest over the next five years.

Particular opportunities are available to Canadian firms interested in exporting raw materials catering to the liquid pollution-control segment of the Indian market. In particular, India requires high-end technology such as physio-chemical and biological treatment and materials, including fine-bubble diffuser membranes; reverse-osmosis membranes; specialty resins; and high-pressure pumps.

Indian demand for measurement and control equipment is expected to grow at an average annual rate of 16 to 17 percent over the next five years, to reach US\$2.2 billion by the year 2002. Imports presently estimated at US\$385 million (or US\$778 million including project imports) are expected to total over US\$830 million by 2002.

The market of mining equipment is forecast to grow at a rate of 9 percent per annum over the period 1998-2000, increasing from approximately US\$550 million in 1996 to US\$861 million in 2002. Increased mechanization and an expected shift toward underground mining are expected to boost India's demand for large mechanized mining equipment in particular.

The flexible packaging machinery market is small, but growing. It is expected to grow by over 15 percent to 20 percent annually, to US\$260 million by the year 2000. Growth in several segments of the flexible packaging sector, coupled with its non-monopolized manufacturing structure, make it an ideal sector for Canadian investment.

India's total consumption of machine tools was valued at approximately US\$470 million in 1995, of which US\$220 million was imported. It is estimated that India's demand for machine tools will reach US\$830 million by 2000, fuelled by growth and modernization of India's automotive sector. There has been a dramatic drop in import duties on machine tools, from 100 percent to 20 percent.

The electrical equipment market is valued around US\$1 billion with total imports of US\$240 million in 1996. If the government's power-investment plans are met, there will be rapid growth in the demand for electrical equipment.

### **Constraints**

Foreign companies have found that an effective way to gain access to the Indian market is by way of joint-venture collaboration or representatives. Major competitors include companies from the United States and Europe (especially Germany). Some countries have lines of credit in place, which facilitate Indian importers via deferred payments at low interest rates (near LIBOR). The reduction of duties from 100 percent to 20 percent further increases the overall need for market competitiveness.

### **Business Environment**

Canadian firms considering exporting measurement and control equipment to India should consider exporting to established Indian assemblers of measurement and control equipment, as most imported equipment is locally assembled in India. Alternatively, Canadian measurement and control equipment manufacturers can consider exposure on project imports to India, as these comprise nearly half of all imports.

