



In general, foreign firms operating in India use an agent because of the complexity of the purchasing process. Local agents or partners can be helpful in dealing with the bureaucratic work environment of the Indian oil industry as well as in establishing contacts with government agencies and technical personnel on a day-to-day basis. They can also be on hand to obtain tender documents, submit bids, attend tender openings, obtain comparative statements, respond to buyers' questions, and provide after sales service to customers. Agents' commissions vary from 2.5 to 5 percent.

The duty on equipment for the oil and gas sector ranges from a minimum of 10 per cent to a maximum of 60 per cent of the CIF value. There are no preferential customs duties, or waivers of customs duties for suppliers from any country.

To procure major equipment, both the ONGC and OIL float public tenders. The tendering process is often not very transparent and is often plagued by bureaucratic delays. It is not uncommon for these organizations to invite re-bids and seek clarification several times before a tender is finalized. Canadian companies can best deal with this process by exercising patience in the tendering process and by hiring a reputable local agent.

Opportunities for Joint Ventures

As India moves towards its goal of attaining self-sufficiency, there will be a continuing shift from direct imports of products and equipment towards domestic manufacturing through technical and financial collaboration. Canadian companies with state-of-the-art products and technologies would benefit from forging early strategic alliances with potential Indian joint venture partners. An added benefit to entering into a joint venture with an Indian firm is that it will allow the Canadian company to bid with its Indian partner as an Indian bidder.