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markets
for canadian
exporters

INDIA



Government
of Canada

Gouvernement
du Canada

Industry, Trade
and Commerce

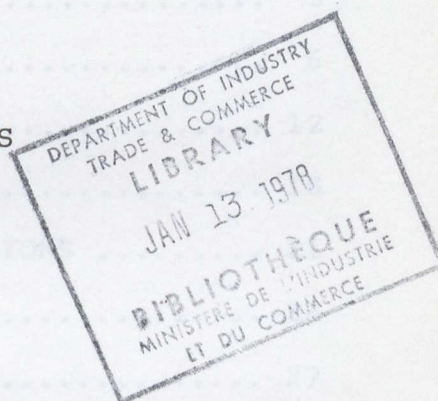
Industrie
et Commerce

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MARKETS FOR CANADIAN EXPORTERS

INDIA



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I. GENERAL

Area and Geography

India is located north of the Equator, bounded on the north by the Himalayas and Pakistan and on the east and west coasts by the Bay of Bengal and the Arabian Sea. It is a large, diamond-shaped sub-continent covering more than 3,200,000 km² (1,235,520 sq. miles) with terrain varying from alpine to plain, jungle to desert.

Climate

India's climate is tropical monsoon and the year is broken into four seasons: winter (December - February); summer (March - May); rainy season, monsoon (June - September); and post-monsoon (October - November). The temperature varies considerably across the country but by way of example Delhi during the summer reaches 50°C (120°F) and during the winter evenings drops to about 5° C (40°F). The climate in the south is more evenly tropical throughout the year. Rainfall is erratic and unevenly distributed, but is concentrated during the monsoon period.

Population

India's population is estimated at 630 million (1977) and is growing at some 13 million a year. More than half the population is under the age of 20. About 80 per cent of the people live in rural towns and villages.

States and Cities

There are 31 states and territories in India and nine major cities with population of more than a million (1971).

Calcutta	7.03 Million
Greater Bombay	5.97
Delhi	3.64
Madras	3.16
Hyderabad	1.79
Bangalore	1.65
Kanpur	1.27
Poona	1.13

Bombay and Calcutta are the major industrial and financial centres. Delhi is the seat of government.

Principal Religions/Culture

Indians today are the descendants of many races. The Aryans, Dravidians, Greeks, Mongols, Arabs and Turks have all contributed to the racial stock of India. About 84 per cent of the people are Hindus and 11 per cent Muslims, while Christians, Sikhs, Buddhists, Parsis, Jains, Jews and others constitute the remaining five per cent.

Government System

India achieved Independence on August 15, 1947, following almost a century of British colonial rule. India elected to remain within the Commonwealth although it is a sovereign democratic republic. The constitution is federal in structure and is headed by the President who is elected by the Central Parliament and State Legislatures for a term of five years. The government is based on the parliamentary system with an upper and lower house (the Rajya Sabha and the Lok Sabha). The government, headed by the Prime Minister, depends upon majority support in the lower house.

Language

The Indian constitution recognizes 15 languages though there are more than 1,650 different dialects. Many of these are unrelated and have distinct sounds, structures and scripts making them as different to each other as German, Arabic and Chinese. The official language, Hindi, is used extensively throughout northern India. English continues to be the lingua franca and is used throughout the business community.

Public Holidays

Public holidays are many. The major ones are listed below:

Republic Day	January 26
Good Friday	March/April
Buddha Purnima	May 3
Independence Day	August 15
Dussehra	September/October
Gandhi's Birthday	October 2
Diwali	October/November
Guru Nanak's Birthday	November 25
Christmas Day	December 25

The Canadian High Commission replaces some of these for Canadian holidays such as Confederation Day, Thanksgiving and New Year's Day.

Business Hours

Offices are generally open between 10 a.m. and 5 p.m. Monday through Saturday. Government offices close every second Saturday. Sunday is a day of rest.

Banks are open to the public from 10 a.m. till 2 p.m. on weekdays and 10 a.m. till noon on Saturdays.

Local Time

India is five-and-a-half hours ahead of Greenwich Mean Time. When it is 4:30 p.m. in India it is 6 a.m. in Toronto and Montreal and 3 a.m. in Vancouver, the same day.

Weights and Measures

The metric system has been officially adopted but some traditional measures survive in the market place.

There is frequent mention of crores and lakhs as measures of quantity. A crore equals 10 million and a lakh, 100,000. Crore and lakh are applied in rupees, bushels of wheat, population -- any item that can be quantified. For example, India's population is at present 63 crores, or 630 million people.

Electricity

Electric voltage is 220 AC at 50 cycles. Canadian appliances will function only with a transformer -- better bring one with you. Power failures are fairly frequent.

Currency and Exchange Rates

The India rupee (Rs.) is divided into 100 paise (p.). Exchange rates are subject to daily fluctuation but in early 1977 the Canadian dollar equalled Rs.8.50. Currency regulations do not permit the import or export of Indian rupees. Moreover, all foreign exchange (including travellers cheques) must be declared on entry to the country (see also Section V).

II. ECONOMY AND FOREIGN TRADE

India still relies heavily on agriculture but over the years a burgeoning industrial sector has increased its contribution to the economy and earned valuable foreign exchange through exports. Import substitution has been a central policy of the government and self-sufficiency has been reached for many manufactured products. The entire economy remains dependent on the monsoons which directly affect agriculture and the availability of hydro-electric power. The surge of growth in the mid-1970s, though remarkable, has only just managed to keep up with the increase of population and GNP in 1976 still stood at only \$160 per capita (the Canadian figure for the same period was \$8,300 per capita). India continues to be a recipient of international aid despite its progress, for about 80 per cent of the population lives below the poverty line.

Agriculture

Agriculture employs 70 per cent of the labour force and contributes more than half the national income. Agricultural products also constitute a third of India's exports. The chief crops are rice, wheat, pulses, oilseeds, cotton, jute, tea, spices and sugarcane. Farms are labour intensive and holdings are small: almost three-quarters of the holdings are less than 3 hectares (7 acres) in size. The introduction of high yielding seeds, chemical fertilizers and widespread irrigation during the 1960s has greatly improved the annual crop. The government has rapidly built a reserve of food grains to withstand drought but still imports grains and oilseeds from Canada and elsewhere.

Although there are almost 200 million cattle in India there is no livestock industry. The cow is used as a dray animal and for milk, but its status as a sacred animal precludes any further development.

The fisheries are still underdeveloped though some shrimp is harvested on a small commercial scale in southern India.

About one-fifth of India is covered by forest though the industry remains underdeveloped. Timber, firewood and charcoal are the chief products. There are a few pulp and paper mills and one newsprint mill. Exotic hardwoods such as teak and rosewood are harvested for domestic and export markets.

Mining

India has extensive reserves of coal and has launched an intensive exploitation program. This development has been spurred on by the high cost of imported fuels and coal is being used to feed existing and upcoming thermal power stations, which would otherwise be based on oil.

Iron ore deposits are extensive and are being mined for domestic and export markets.

Non-ferrous metals -- copper, lead and zinc -- are also found in India though domestic production does not satisfy demand. Bauxite is produced and major new deposits have been located in eastern India. Other mineral deposits include gold, manganese, gypsum, nickel, diamonds and gemstones.

Petroleum and natural gas deposits are being rapidly developed in Assam and offshore at Bombay High. India hopes to be self-sufficient in oil by the mid-1980s and strong support is therefore being given to this industry by the government.

Manufacturing

India's manufacturing sector has expanded rapidly in the past 20 years. Industries have been encouraged by strong government policies promoting import substitution and, more recently, by direct encouragement for export-oriented production. Many of the manufacturing concerns were initiated with British technology and capital but the picture is changing. Both new and existing foreign investments are increasingly subject to stringent government regulations concerning ownership. Though many foreign firms have interests in India, control is usually in the hands of Indian nationals.

The Indian industrial scene was for many years plagued by strikes and slowdowns, interrupted power supplies, transportation bottlenecks and insufficient raw materials. The last two years have seen a considerable change, partly due to government intervention (the "Emergency"), and overall growth has been greatly improved.

India's manufacturing base is diversified and produces iron and steel, cement, textiles, machinery, transportation equipment and consumer products.

India's major steel industry supports a broad range of machinery and automotive industries. Steel is also exported to the Middle East and Southeast Asia.

The heavy engineering industry is expanding rapidly and all but the most specialized equipment is produced locally. The industry is supported by a large and capable force of consulting engineers, many working for government corporations. Light engineered goods, such as tools, are finding ready acceptance in developing and developed countries.

Much of the machinery and equipment for India's industries is made locally but there are still many items which are imported. These include special industry equipment, off-track vehicles and petroleum and mineral extraction machinery.

The chemicals industry is not yet fully developed though fertilizers, some insecticides, caustic soda, sulphuric acid and, increasingly, petroleum-based chemicals are produced.

The electrical and electronics industry is expanding rapidly and India is now capable of handling major projects including the design and erection of hydro, thermal and nuclear power stations and the production of transformers and switchgear for industrial uses. Sophisticated components for the electrical and electronics industry are still imported. Consumer electricals such as television sets, radios and home appliances are produced domestically.

The textile and clothing industry has traditionally been a major contributor to national output in the manufacturing sector. Cotton yard goods and finished garments and jute textiles are exported all over the world.

The food processing industry is generally capable of meeting domestic demands though imports of wheat and oilseeds are made. Some foodstuffs (e.g. tea, spices, fruits and cashew nuts) are exported.

Transportation

Transportation in India is of all types, ranging from air cargo to hand pulled carts. Although air, rail and trucks provide regular links between cities, the more inaccessible areas are still served by the traditional bullock cart. The railway system is the most extensive in Asia, the fourth most extensive in the world, and carries two-thirds of the estimated goods traffic and one-half of passenger traffic.

Tourism

Despite a shortage of hotel rooms and tourist facilities, India annually welcomes an ever-increasing flow of tourists: approximately half-a-million in 1976 compared to only 189,000 in 1968. There are additional hotels coming up in the major centres and more attention is being paid to the leading tourist attractions by the government and private business.

Entertainment

India's film industry is one of the largest in the world and supports some 5,000 cinemas across the country. Although Indian films to date have had limited appeal in Western markets, in 1975/76 the export of films earned \$10 million for the country.

Trade and Economic Policy

The Indian government has adopted trade policies to encourage import substitution and the consequent growth of domestic industry. This has been carried out through the rigid control of imports by a licensing system and by active government intervention in key industries. Exports have been encouraged with subsidies and by linking the amount of imports made by a firm to the annual value of exports. There are now indications that the tight controls may be loosened to stimulate a measure of competition and discourage uneconomic manufacturing units. India has been particularly successful in exporting to other developing countries.

Britain has historically been India's major trading partner but, although strong links still exist between the two countries, the major trading partners are now the United States, Japan and the Soviet Union. Trade with the Middle East has soared, with imports more than doubling in value between 1973 and 1974. This was, of course, largely due to the increased cost of fuel.

India's balance of trade has improved because of successful import substitution and strict foreign exchange control. Foreign exchange reserves stood at \$3 billion at the beginning of 1977, swelled both by exports and increased remittances from Indians resident overseas.

Indian Exports by Principal Countries of Destination 1975/76

	<u>\$ Canadian</u> <u>Millions</u>	<u>Per Cent</u>
The United States	595	12.8
Japan	502	10.8
U.S.S.R.	486	10.5
Britain	473	10.2
Iran	319	6.9
Africa	318	6.8
Other Soviet Bloc	308	6.6
Federal Republic of Germany	138	3.0
Other	<u>1,488</u>	<u>32.8</u>
Total	4,627	

Indian Imports by Principal Countries of Origin
1974/75

	<u>\$ Canadian Millions</u>	<u>Per Cent</u>
Middle East	1,277	24.3
The United States	858	16.3
Japan	534	10.2
U.S.S.R.	474	9.0
Federal Republic of Germany	361	6.9
Other Soviet Bloc	295	5.6
Other EEC	255	4.8
Britain	251	4.8
Africa	177	3.4
Canada	153	2.9
Other	<u>623</u>	<u>11.8</u>
Total	<u>5,258</u>	

Source: Department of Commercial Intelligence and
Statistics, GOI.

Conversion rate: \$1.00 - Rs. 8.5

India's External Trade by Commodity Sector
1975/76

	<u>Imports (\$M)</u>	<u>Exports (\$M)</u>
Food and live animals	1,675	1,458
Beverages and tobacco	-	116
Crude materials, inedible, not fuels	247	620
Fuels	1,442	42
Animal and vegetable oil and fat	22	41
Chemicals	849	105
Manufactured goods	711	1,938
Machinery and transport equipment	1,037	304
Not specified	<u>85</u>	<u>13</u>
Total	<u>6,068</u>	<u>4,637</u>

Source: Ibid.

CANADIAN TRADE WITH INDIA
(Cdn. \$Thousands)

	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
1974	126,218	59,272	+ 66,946
1975	200,621	46,650	+ 153,971
1976	153,124	66,709	+ 86,415

CANADIAN EXPORTS TO INDIA

	<u>1975</u>	<u>1976</u>
Wheat	113,907	42,259
Newsprint paper	17,576	19,356
Nickel and alloys	4,129	14,377
Oils, fats, waxes extracts and derivatives	9,392	13,663
Asbestos, unmanufactured	5,391	9,746
Fertilizer and fertilizer materials	4,513	8,554
Sulphur	5,392	7,599
Zinc in ores, concentrates and scrap	-	6,990
Other iron and steel and alloys	5,483	5,013
Textile and related fibres	14	3,477
Zinc, including alloys	876	2,313
Lead, including alloys	878	2,148
	<u>167,551</u>	<u>135,495</u>
Total	167,551	135,495
Others	33,070	17,629
TOTAL EXPORTS	<u>200,621</u>	<u>153,124</u>

CANADIAN IMPORTS FROM INDIA

	<u>1975</u>	<u>1976</u>
Nuts, except oil nuts	4,856	10,725
Outerwear, except knitted	7,619	8,912
Other broad woven fabrics	7,329	7,775
Other oil seeds, oil nuts, oil kernels	9	7,541
Tea	5,025	3,834
House furnishings	2,843	3,778
Broad woven fabrics, cotton	1,310	3,659
Other foods and materials for foods	2,677	2,212
Footwear	1,722	1,902
Coffee	1,743	1,600
Leather and leather fabricated materials	313	1,559
Outerwear, knitted	635	1,074
	<u>36,081</u>	<u>54,571</u>
Total	36,081	54,571
Others	10,569	12,138
TOTAL IMPORTS	<u>46,650</u>	<u>66,709</u>

Source: Statistics Canada

III. DOING BUSINESS IN INDIA

Although there are many private companies in India, chances are your customer will be either the government itself or one of the many government agencies or corporations. For instance, sales of newsprint are conducted with the State Trading Corporation with rare exceptions; sales of wheat are also made through the government (contact the Indian Supply Mission in Washington); most collieries are controlled by Coal India Limited; many consulting firms are government concerns; and state governments support numerous undertakings through their industrial development agencies. Most of your dealings with these agencies will be by tender and government red tape can be frustrating and time-consuming.

Opportunities for Goods and Services

Services are very hard to sell to this market as India itself has a great deal of expertise, built over the past three decades or more, and the government is therefore policy-bound to discourage the hiring of outside services. India, however, does not have all the expertise it needs and consultants and contractors are hired for specialized jobs such as pipeline laying, forestry, petroleum exploration and drilling, etc. It is a good idea to team up with one of the many local consultants or contractors, to supplement your capability with local expertise.

Opportunities for goods are somewhat better. India's manufacturing base is widening steadily, yet India requires equipment for specialized applications like mining, oil production, air transport and related ground facilities, electronic communications, process control, fisheries and defence. Opportunities also exist for spare parts, components and raw materials such as base metals, minerals and newsprint. Other products with good prospects are food grains, edible oils, sulphur, man-made fibres and fertilizers. The Indian government does not generally allow the importation of consumer products, luxury or "non-essential" items, or goods equivalent to those already made in the country.

Merchandising and Distribution

Indian import laws discourage imports for resale, consequently there are few merchant importers. Imports must be made against specific and proven demand and so most importers are either end-users or government trading organizations.

Representation

Representation by a good Indian agent who will promote your goods and services to customers is highly recommended -- already more than 200 Canadian firms have agents in this market. There are many competent agency houses in India and the Commercial Division of the Canadian High Commission will be glad to suggest a few names. Selection of the right agent is crucial and well worth your personal visit to assess the firm and negotiate details. Indian agents rarely work on a retainer basis, but receive their commissions from the buyer once the goods have been delivered.

It is a simple procedure to appoint an agent and this is often accomplished by an exchange of letters outlining the terms as there are no formal laws governing such appointments. There are, however, many regulations governing the payment of commissions and you must be clear on these to avoid later complications. Agent's commission can be paid only in rupees and the percentage should be noted separately in your quote.

Advertising and Promotion

The Indian press, radio and television (the latter two owned and operated by the government itself) all accept advertisements. Although Indians speak 15 major languages, the mass circulation national newspapers are mostly in English. The English dailies include six devoted to general news (Times of India, Hindustan Times, Statesman, Amrita Bazar Patrika, Indian Express and Tribune) and two weeklies (Blitz and Illustrated Weekly of India). The Economic Times, Financial Express and Business Standard (also dailies) print financial and commercial news. There are also several thousand periodicals catering to varied publics. The government-owned Akash Vani (radio) and Doordarshan (TV) broadcast in all the national languages.

Status Reports

The Dun and Bradstreet type of report is difficult to obtain in India but there are a few agencies which provide less detailed reports at nominal cost. Most local banks supply brief reports upon request at no cost, but these form an inadequate base for commercial assessment.

Prices and Quotes

When you receive a request to quote, first ascertain that the enquirer has an import licence or has a good chance of getting one. As a rule, an import not supported by a licence is illegal and cannot be paid for or allowed to enter the country. You should check this out either with the enquirer or by contacting the Commercial Division at the Canadian High Commission. Once you are satisfied on this score, you should quote prices FOB/FAS as well as CIF to the nearest port to let customers decide who should cover the cost of freight and insurance. Prices can be quoted in U.S. or Canadian dollars. Indicate the exact amount of the agent's commission to enable the buyer to pay the agent in local funds. When quoting in response to tender calls, you must conform fully to the specified tendering procedures. You should also bear in mind that your agent cannot stock spare parts. Your quote should therefore include a reasonable number of extra parts for your customer to hold against future need.

Tendering Procedures

As many imports to India are made by state trading corporations or government undertakings, chances are you will be participating in a tender. Government agencies adhere to the rules and specifications of a tender rigorously, but the common practice in India after the tenders are opened differs from normal practice in Canada. Especially on large contracts, it is quite usual for the two or three most acceptable bidders to be asked to attend negotiating sessions (which are often protracted) where prices and technology are discussed publicly and the best bargain is struck. Tenders for World Bank projects are not subject to this practice.

Terms and Methods of Payment

The recommended terms are payment through letters of credit as the setting up of an L/C itself is an assurance that the buyer has an import licence. Caution is therefore necessary when other terms are offered or requested.

Debt Collection and Non-Payment

This will become practically impossible if goods are shipped to a customer without an import permit. Moreover, there are no strong debt collecting agencies in India. It is therefore prudent to avoid these situations. Legal proceedings should also be avoided if possible as they are costly, complex, time-consuming and often inconclusive.

Banking Services

India has an extensive network of banks but only a few banks have authority to deal in convertible currency. Some of the more important ones are:

Indian Banks:

1. Allahabad Bank
2. Bank of India
3. Punjab National Bank
4. State Bank of India
5. United Commercial Bank
6. Bank of Baroda
7. Central Bank of India
8. India Overseas Bank

Foreign-owned Banks:

1. Chartered Bank
2. First National City Bank
3. Mercantile Bank of India Ltd.
4. Grindlays Bank
5. American Express Banking Corp.
6. Bank of America
7. The French Bank
8. The Bank of Tokyo

The only Canadian bank represented in India is the Bank of Montreal which has an office in New Delhi.

TRANSPORTATION SERVICES BETWEEN CANADA AND INDIA

Ocean Transport

From Eastern Canadian Ports

S.C.I. LINE (Shipping Corporation of India) schedules monthly sailings from Halifax in the winter and Toronto and Montreal in the summer to Bombay, Cochin, Madras and Calcutta. Space accommodation for general cargo, refrigerated cargo, bulk liquids and containers is available. The line is represented in Eastern Canada by March Shipping Limited, Montreal, Toronto, Saint John and Halifax.

Scindia Line (Scindia Steam Navigation Co.) schedules monthly sailings from Halifax or Saint John in the winter and Montreal in summer to Bombay, Madras and Calcutta. Space accommodation for general cargo, bulk liquids and containers is available. The line is represented in Eastern Canada by Montreal Shipping Co. Ltd., Montreal and Toronto.

From Canadian Pacific Coast Ports

S.C.I. Line schedules monthly sailings from Vancouver to Bombay, Cochin, Madras and Calcutta. Space accommodation for general cargo, refrigerated cargo and bulk liquids is available. The line is represented in Western Canada by Westward Shipping Ltd., Vancouver.

Scindia Line schedules monthly sailings from Vancouver to Bombay, Madras and Calcutta. Space accommodation for general cargo, refrigerated cargo, bulk liquids and containers is available. The line is represented in Western Canada by Anglo Canadian Shipping (Westship) Ltd., Vancouver.

Air Transport

At present there are no direct scheduled service flights between Canada and India. There are, however, numerous connecting flights from Toronto and Montreal via United States gateways (daily flights from New York) and via European gateways to Bombay, Calcutta and New Delhi. From Vancouver connecting flights may be arranged via Hong Kong and Tokyo or via U.S. gateways (Los Angeles, San Francisco). Since flight schedules are subject to change it is recommended that the originating carriers in Canada be consulted in respect to all cargo flight routings and the most expedient routing for air freight and passenger travel.

Post, Telex, Cable and Telephone

All these services are available in India. Phone calls, telexes and cables suffer from frequent distortions on the line, however, and confirmation by airmail is a good precaution. All letters should be airmailed and they will still take about 10 days between Canada and India. Surface mail is very slow and items can take months to arrive. The following rates for communications from India to Canada were current in early 1977:

<u>Air Mail</u>		<u>Surface Mail</u>	
Letters	Rs. 2.80 (10 gm)	Letters	Rs. 1.50 (20 gm)
Aerogrammes	Rs. 1.60	Printed papers	Rs. 0.75 (20 gm)
Postcards	Rs. 1.40	Newspapers	Rs. 0.40 (20 gm)
Parcels	Rs. 20.30 (250 gm); additional 250 gm - Rs. 10	Small packets	Rs. 1.60 (20 gm)
		Parcels	Rs. 12.50 (1 kg) Rs. 49.40 (10 kg)

Registration Fee Rs. 2.00

Maximum allowable limit

Cable

Night letter	Rs. 1.25 per word
Express	Rs. 2.50 per word
Urgent	Rs. 5.00 per word

Telex

Rs. 28 per minute (minimum 3 minutes)

Telephone

Rs. 98 per minute (minimum 3 minutes)

For similar rates from Canada to India consult the latest GPO list, CN/CP telecommunications and your phone company.

Patents, Trademarks and Copyrights

These are protected in India by suitable legislation. There are competent attorneys specializing in handling such rights and properties.

Establishing Business in India

Government approval is required before any foreign firm can establish a business in India. Indian laws do not permit trading houses to be set up by foreign companies and many restrictions are placed on firms already in India, and perhaps long-established, but which have major foreign ownership. Regulations also discourage the establishment of branch plants or manufacturing operations unless majority ownership is in Indian hands. Licensing arrangements and the sale of technology are still acceptable, though also subject to government approval. There are several Indo-Canadian ventures in India progressing successfully in fields as diverse as consumer goods, publishing and metal refining. If you are contemplating a joint venture, contact the Indian Investment Centre.

Understanding

When confirming orders or describing products and services you should bear in mind that Indian usage of English is slightly different from Canadian and the culture and traditions are quite different. Products and services should be described as clearly as possible. For example wheat should be said to be from the 1976 crop year not simple "fresh" or "current production". Some ordinary words and gestures mean different things to a Canadian and an Indian: a shake of the head to you means "No"; to an Indian it means "O.K. agreed"! Misunderstandings can be avoided if you are precise.

IV. YOUR BUSINESS VISIT TO INDIA

Well in advance of your trip to India, advise the Commercial Division of the Canadian High Commission in New Delhi. This office is responsible for Canadian commercial affairs throughout India, Sri Lanka and Nepal. The Commercial Division actively seeks business opportunities for Canada and is in a position to suggest useful appointments for you. You advise the division of the purpose of your visit, the nature of your product or service, any local representation or contacts you have already made, and the itinerary you have arranged. Your trip should definitely include Bombay and Delhi, and a trip to other centres such as Calcutta, Madras and Bangalore may be warranted, depending on your product.

When to Go

November to March is the recommended time as the extreme heat of the summer and stickiness of the monsoon make travel and business most uncomfortable. Winter is also the peak tourist and convention season, however, and hotels should be arranged well ahead of time.

Travel in India

All major cities are connected by regular air services. Road travel is not recommended, though arrangements can be made to hire a car and driver for short trips. Taxis within the cities are readily available and inexpensive.

Hotels and Restaurants

Bombay, Calcutta, Madras and New Delhi offer hotel accommodation to international standards. These tend to be fully booked, especially during the peak tourist months, so early reservations are a must. Your travel agent will be able to help. Foreigners may be required to pay hotel bills in foreign exchange (e.g. travellers cheques). It is best to verify this at the start of your stay.

A fairly wide selection of cuisine is offered but it is wise to keep to well-known restaurants. Travellers are advised to avoid water (and ice) and cold or raw foods.

Travel Documents

Canadians holding a valid passport are allowed to enter India freely on tourist and business purposes. Investigate your visa requirements for countries you may be visiting after India. Visas for other countries can take from one day to several weeks to obtain from local embassies -- some of which may not have offices in the cities you plan to visit in India.

Health Certificates and Health Tips

A valid international certificate of vaccination against smallpox is required, and against yellow fever if you have passed through an infected area. Immunization against cholera and typhoid is recommended. Malaria is also on the increase and you may wish to start a course of anti-malaria pills before arriving.

Stomach complaints are frequent and can play havoc with a business schedule. Exercise caution with your food. A good rule of thumb is "peel it, boil it, or forget it".

Useful Extras

Seasoned business travellers bring a number of useful business and other supplies. Among these are:

- Company stationery for writing thank-you notes, confirming appointments, etc.

- Business cards -- at least 10 for each working day of your trip

- Small giveaways with your firm's name printed on them

- Sales literature and samples

- Extra passport photos for visas, etc.

Business Calls

Plan on making three to five calls a day. It is most important to make a complete presentation on your first visit to a potential customer. This should include literature, specifications, samples if possible, and all the price, delivery and quality-control information a buyer needs to evaluate the seller's capabilities against his current sources. Many buyers keep up-to-date records on their supplies and a favourable impression is made if a resumé such as the following can be supplied at the time of the first visit:

Vendor's name, address and telephone number

Name, address and telephone of local representative, if applicable

Date established

Size of plant

Number of employees

Principal products

Location of plants

Description of production facilities and equipment

Transportation facilities

Approximate annual sales volume

List of three representative customers

Copies of advertisements published in Canada

Financial and credit rating

Follow Up

Appropriate follow up can be crucial to the success of your business visit to India. Thank-you notes, brochures and requested information should be sent promptly. Regular contact should be maintained with the Canadian Trade Commissioner, representatives and important customers. Another visit should be planned if there is any business potential at all.

V. CUSTOMS AND EXCHANGE CONTROL REGULATIONS

Currency and Exchange Control

Tight exchange controls are exercised by the government. Indian nationals and foreign residents are not permitted to hold foreign currency. All foreign exchange transactions are controlled by the Reserve Bank of India through authorized dealers. Dealings are carried out in all convertible currencies.

Foreign Exchange Regulations Act, 1973 (FERA)

Any Canadian dealing with India will come up against the provisions of FERA, as all transactions in convertible currency are governed by this act. The India rupee is not convertible, and as the accrual of convertible funds to India had always remained less than the country's needs, the government has decreed that all such funds, irrespective of who earns them, rest with the government. The government is then able to release foreign exchange according to priority and exactly up to proven needs. Foreign exchange releases are made in the form of specific authorizations such as import licences. The Reserve Bank of India is the key entity under FERA, and its authorization is required for a variety of transactions including hiring foreign nationals, the allotment of stocks to them or payment either in cash or goods for services rendered by them. Any Indian national earning foreign exchange must report the fact to the Reserve Bank of India and turn the money over to the national exchequer in return for the rupee equivalent.

Customs Duties

Goods imported into India are subject to customs duties unless they are specifically exempted by the Customs Act. For example, exemptions at present apply to wheat, rapeseed and rapeseed oil, newsprint and fertilizers. In addition to the basic rate of duty, there may be an auxiliary and countervailing duty on individual products. The Indian Customs Tariff is based on the Brussels Tariff Nomenclature (BTN). India is also a signatory to GATT. The latest customs information is available from the Collector of Customs, New Delhi.

Import Licensing

A rigid and complicated import licensing system exists in India. Most articles require an import licence and the Import Policy is announced yearly for the period April 1 to March 31. There is little prospect for the import of consumer or non-essential items. Import licences are generally restricted to necessary capital goods, components and essential industrial raw materials. The import of gold, silver, currency notes, bank notes and coins is controlled by the Reserve Bank of India under the Foreign Exchange Regulations Act (FERA). Import of firearms, narcotics, undesirable publications and articles deleterious to public health is prohibited. You should ensure that your customer has the necessary clearance before you ship the goods.

Documentation

Documentation is of particular importance when exporting to India. Failure to comply with the regulations of the Indian Customs authorities with regard to invoicing and the provision of proper documentation is likely to lead to delays in clearing goods upon arrival and possibly demurrage charges or the imposition of higher duties than necessary. The following documents must be sent to the consignee:

- (1) bill of lading
- (2) invoice
- (3) packing list
- (4) certificate of origin
- (5) test certificate in the case of chemicals
- (6) certificate of analysis in the case of metal products which are raw materials
- (7) sanitary certificates in the case of animals and plants

The invoice must show the correct and full description of the goods, markings, specifications, unit prices, freight and other charges or the CIF value, weights and measurement of individual packages. An insurance policy should accompany the shipment.

Of course, Canadian export documents should also be in order.

Marking Requirements

Under the Merchandise Marks Act 1962, most goods require marking to indicate the country of origin, the name and address of the manufacturer, and weight in gross and net. The markings must be made in indelible ink or oil paint.

Commercial Samples

The Government of India has agreed to the International Convention facilitating the importation of commercial samples and advertising material. Canadian companies can send to India technical samples up to Rs. 3,000 (approx. Cdn. \$350) CIF and advertising material up to Rs. 1,000 (approx. Cdn. \$115) CIF. Provided these are supplied free of charge they are exempt from import and customs duties.

Bonded Warehouse Facilities and Free Trade Zones

Bonded warehouse facilities are available at Bombay and Calcutta.

The Kandla Free Trade Zone is located on the eastern tip of the Gulf of Kutch in Gujarat State. Non-residents are permitted to make investments in any form including joint stock companies, partnerships or proprietorships in this zone. There are 200 industrial sheds and plots of different sizes for setting up manufacturing units. Full details regarding this zone are available from:

The Administrator
Kandla Free Trade Zone
Ministry of Foreign Trade and Supply
Government of India
Gandhidham (Kandla)
Gujarat State, India

Located near the Bombay International Airport, the Santa Cruz Electronics Export Processing Zone (SEEPZ) offers opportunities to Indian and foreign entrepreneurs to set up electronics units. The zone is intended for the manufacture of items with relatively high specifications and with appreciable value added. Various concessions are available such as duty-free import of capital goods and equipment, and exemption from customs and additional duties on imported raw materials, components, spares, tooling, consumables and packaging material. Details of products which can be manufactured in the zone and full information on SEEPZ itself can be supplied by:

The Development Commissioner
Santa Cruz Electronics Export Processing Zone
8th Floor, Air India Building
Nariman Point
BOMBAY-400 021, India

VI. SERVICES FOR EXPORTERS

Export Development Corporation

Of vital importance to Canadian businessmen is the Export Development Corporation (EDC), a crown corporation that reports to Parliament through the Minister of Industry, Trade and Commerce. Its purpose is to encourage, facilitate and develop Canadian export trade by providing credit insurance, guarantees, loans and other financial assistance to enable exporters to meet international competition.

The main functions of EDC are:

1. to insure the Canadian exporter against non-payment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks, copyrights, etc.;
2. to issue appropriate guarantees to chartered banks or to any person providing non-recourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;
3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and are not available from commercial lenders. Major engineering and other technical services (but not feasibility studies) may be financed, even when such sales are not related to the export of goods;
4. to insure Canadian investments abroad against non-commercial risks such as loss through confiscation, expropriation, war or revolution or the inability to repatriate capital or earnings.

For further information on EDC services contact:

HEAD OFFICE
110 O'Connor Street
Ottawa, Ontario
K1P 5T9

Tel: (613) 237-2570
Telex: 053-4136

EASTERN REGION
Lock Box 124
Tour de la Bourse
Montréal (Québec)
H4Z 1C3

Tel: (514) 866-4796

ONTARIO REGION
Suite 2011
145 King Street West
Toronto, Ontario
M5H 1J8

Tel: (416) 364-0135

WESTERN REGION
P.O. Box 49024
The Bentall Centre
Vancouver, British Columbia
V7X 1C4

Tel: (604) 688-8658
Telex: 045-4284

Federal Export Programs and Services

To further its export development objectives, the Department of Industry, Trade and Commerce administers two trade promotional programs, namely:

- a) The Promotional Projects Program (PPP) in which the department plans and implements the projects; and
- b) The Program for Export Market Development (PEMD) in which the initiative rests with Canadian companies operating either individually or collectively (for details see PEMD brochure).

Through the PPP, Canadian trade fairs abroad, trade missions and trade visits are initiated, organized and implemented by the department. The range of these activities includes participation in international trade fairs, solo shows and in-store promotions; the organizing of technical seminars and trade missions abroad; and the sponsoring of foreign visits to Canada to stimulate the sale of Canadian products in various export markets. The department also provides promotional publicity and specially designed exhibits for the trade fair participants. Missions and technical seminars vary in type depending on the objective. In general, outgoing missions are used for market investigation, evaluation and identification of technical market access problems. Incoming missions are designed to invite foreign government or company representatives, who can influence buying, to inspect the industrial capacity and technical capabilities of Canadian firms and the products and services they can supply. Technical seminars are used to acquaint potential buyers with Canadian expertise and technology in specific fields as a basis for joint ventures and/or sales of Canadian products and services. Using the trade visitors section of the PPP, the department is able to take advantage, at short notice, of export market opportunities by bringing foreign government trade representatives, buyers and export-oriented trainees to Canada.

In contrast to the PPP projects, proposals under PEMD are made by Canadian industry rather than the government. Through PEMD, the department makes repayable loans to individual companies to cover costs in developing export business which, because of the risks involved, might otherwise discourage such initiatives. There are several sections in PEMD each of which is designed to deal most effectively with a particular market in terms of the regions, products or services and marketing techniques concerned. In all sections, companies are encouraged to develop self-sustaining export markets for their products.

Section "A" deals with Canadian participation in capital projects abroad; Section "B" with the export of Canadian products and services; Section "C" with participation in trade fairs outside Canada; Section "D" with the bringing of foreign buyers to Canada; and Section "E" with the formation of export consortia.

VII. USEFUL ADDRESSES

INDIA

- (1) Canadian High Commission
Commercial Section
P.O. Box 5208
Shantipath
Chanakyapuri
NEW DELHI-110021
Tel: 619461
Telex: 2346 (Domcan NDI)
- (2) Ministry of Commerce
Udyog Bhavan
NEW DELHI
- (3) Trade Development Authority
Bank of Baroda Building
16 Parliament Street
NEW DELHI-110001
Tel: 310214
- (4) Indian Investment Centre
Jiwan Vihar Building
Parliament Street
NEW DELHI-110001
Tel: 383175
- (5) State Trading Corporation of India Ltd.
Chandralok
36 Janpath
NEW DELHI
Tel: 322479
- (6) The Minerals and Metals Trading Corp. of India Ltd.
Express Building
Bahadur Shah Zafar Marg
NEW DELHI-110001
Tel: 273085
- (7) Federation of Indian Export Organizations
17 Parliament Street
NEW DELHI-110001
Tel: 310677
- (8) Indo-Canadian Trade Group
c/o The Indian Council of Foreign Trade
105 Churchgate Chamber
1st Floor
5 New Marine Lines
BOMBAY-400020
Tel: 290450
- (9) Federation of Indian Chambers of
Commerce and Industry
Federation House
Tansen Marg
NEW DELHI-110001
Tel: 388815

- (10) Bank of Montreal
#301 Ashoka Hotel
NEW DELHI-110021
Tel: 370101 Ext. 234
Telex: 031-2567, 031-4147
- (11) Bombay Chamber of Commerce
and Industry
P.O. Box 473
BOMBAY-400001
Tel: 264681
Telex: 2671
- (12) Bengal National Chamber of
Commerce and Industry
P-11 Mission Row Extension
CALCUTTA-700001
Tel: 232951
- (13) Southern India Chamber of Commerce
Indian Chamber Building
Esplanade
MADRAS-600001
Tel: 22229
- (14) Indian Council of Arbitration
Federation House
NEW DELHI-110001
Tel: 388815
- (15) Air Canada
Ashoka Hotel
NEW DELHI-110021
Tel: 370101 Ext. 469
- (16) Canadian Pacific Airlines Ltd.
#12, Hotel Janpath
NEW DELHI
Tel: 388398
- (17) Central Collector of Excise
and Customs
(Ministry of Finance)
Central Revenue Building
Bahadur Shah Zafar Marg
NEW DELHI-110001
Tel: 274674

CANADA

- (1) Asia Division
Pacific, Asia and Africa Bureau
Department of Industry, Trade
and Commerce
Ottawa, Ontario
K1A 0H5
Tel: (613) 992-0356
Telex: 053-4124
- (2) Indian High Commission
200 Maclaren Street
Ottawa, Ontario
K2P 0L6
Tel: (613) 237-7584

- (3) Consul General of India
2 Bloor Street East
Toronto, Ontario
M4W 1A7 Tel: (416) 760-0791
- (4) Consul General of India
325 Howe Street, 1st Floor
Vancouver, British Columbia
V6C 1Z7 Tel: (604) 681-0644
- (5) Canadian Export Association
Suite 1020, Commerce House
1080 Beaver Hall Hill
Montréal (Québec)
H2Z 1T7 Tel: (514) 866-4481
Telex: 01-20121

OTHER

- (1) Indian Investment Centre
708 Third Avenue
New York, New York 11017 Tel: (212) 867-3390
- (2) The State Trading Corporation
of India Ltd.
Suite 2655
World Trade Centre
New York, New York 10048 Tel: (212) 432-1076
Telex: 235726
Cable: ESTICI
- (3) India Supply Mission
2107 Massachusetts Avenue
Washington, D.C. 20008 Tel: (202) 265-5050

VIII. READING LIST

GENERAL

A Penguin History of India	R. Thappar and P. Spear
Ambassador's Journal	J. K. Galbraith
Portrait of India	Ved Mehta
India (annual reference book)	Ministry of Information, GOI
Fodor's Guide to India	(annual)

POLITICS

India Today	Frank Moraes (1960)
Politics in India	R. Kothari
State Politics in India	Nyron Weiner

ECONOMICS

World Bank Economic Survey of India	(annual)
Commerce Survey of India	(annual)

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETING ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 737-5511 Telex: 016-4749
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NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
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NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
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PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
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QUEBEC	Le directeur Bureau 2124, Place Victoria C.P. 257, Tour de la Bourse Montréal (Québec) H4Z 1J5	Tél: (514) 283- 6254 Télex: 055-60768
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	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312
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ONTARIO	Director Commerce Court West 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 065-24378
	Regional Officer 9th Floor 240 Sparks Street Ottawa, Ontario K1A 0H5	Tel: (613) 996-1216 Telex: 053-4124
MANITOBA	Director Suite 1104 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 075-7624
SASKATCHEWAN	Director Room 980 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 569-5020 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 49178 Suite 2743 Bentall Centre, Tower III 595 Burrard Street Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191



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