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India reforms may boost Aussie firms

Dean Nelson, New Delhi
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INDIA has drawn up plans for a massive economic liberalisation program that could create vast new markets for foreign companies.

Finance Secretary Pranab Mukherjee has said the country needs to invite foreign supermarket chains and insurance, defence and engineering companies to help modernise the economy, providing potential opportunities for Australian businesses.

His proposed reforms would shake up the country's strictly regulated labour market, allowing companies to increase working hours and make staff redundant without government approval.

Mr Mukherjee wants to allow private companies to provide passenger services on the nationalised railways, privatise the coal industry, lift price controls on petrol and allow foreign supermarkets to open stores.

Ministers are keen to boost rural incomes and encourage investment to stop so much Indian farm produce rotting on the road to market.

About half the fruit and vegetables grown in India rot before they can get to market because of the combination of bad roads, bullock cart transport and an excessive number of agents and middlemen.

Ministers want overseas companies to help develop India's backward food distribution and retail system by opening their own stores and introducing modern "cold-chain" transport to make sure food arrives fresh.

India's railways need more than \$1.26 trillion spent on upgrading tracks and building new high-speed links, freight corridors and modern stations.

Government officials are predicting India will replace China as the world's fastest-growing economy next year but believe sweeping economic reforms are needed.

Indian business analyst Subhodh Agrawal said the reforms would be the greatest liberalisation since the economy was opened to foreign investors in 1991. "These are all the political reforms we desperately need in India," he said.

TELEGRAPH

This story was found at: <http://business.theage.com.au/business/india-reforms-may-boost-aussie-firms-20090704-d8g8.html>

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