



India offers infinite opportunities to the knowledgeable

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One of the countries with the largest potential for the Czech companies to expand into is India. The recent success of Škoda Auto, the largest Czech carmaker, speaks for itself—in November 2009, the company's sales in India jumped by 183 percent. Škoda Auto entered the Indian market in 2000. "This is a success story of the Czech investments in India," said S. Sundarachari, the Indian ambassador in Prague.

"India has a balance trade deficit. This offers numerous business opportunities to you," he said. Such opportunities are open by India's favorable relations with the European Union and globally. Sundarachari mentioned that India had roughly 9 percent economic growth before the economic crisis and it hopes to return to this rate in 2011 at the latest. In order to attract foreign investments, among others, the Indian government reinforced the budget for energy infrastructure development by 61 percent in 2010. "We want to focus more on renewable resources. It comes from our commitment to bring down carbon dioxide emissions, even though we have quite a low level, compared to other countries of our size," he said. One particular priority is wind. "Our challenge is to manage the recovery and attract investments," he said, adding that there have been some slight increases in taxes, but not to the level of being painful for companies.

The game of big numbers

Hynek Kmoníček, former Czech ambassador to India, said that India offers enormous business development potential as long as a few conditions are met. One is to have a good understanding of India's market features. Kmoníček was an ambassador to India till June 2009 and is still acting in this position till a new ambassador is appointed. "Being the representative of a country of 10 million people in a country of more than 1 billion people, where the smallest city you've never heard of has 5 million people at least gives you a different perspective on business," he said.

For Czech businesses, India is the game of huge, huge numbers, Kmoníček said. He noted that the capital alone, New Delhi, has about 30 million people and is growing rapidly. "You can expect that every three years it'll be 1 million more and every day it's 200 meters larger. This gives you a perspective about doing business in the Czech Republic and in India," he said.

"If you have a good, brave idea and you're the master of your part of the Czech market, it means that the idea was good enough to fight three to five competitors. After you defeated them, you almost have a monopoly on the Czech market. Nothing like this can be expected in India. At the same time, you can't expect Indian business people to be less business-oriented than you; expect quite the opposite," he said. This is because, if someone started from scratch in India and made millions, that person will have much more experience than any Czech businessman and will be much tougher.

"Let's face it, we have a pleasant life in the Czech Republic. If you lose your business, what happens? You keep almost everything you have. For the Indian businessmen, their business is a matter of life and death. There is nothing in between," he said.

Know what you want

Kmoníček noted that in India, everyone is looking for the same attraction. "The Czech Republic is nice, but a very limited market. If you know your trick, you can repeat it here three times and then everyone knows it. If you repeat it in India 50 million times, no one has ever heard about it," he said. India is such a huge market that the basic advice for everyone is: know exactly what you want, then know where you can find it in India and be focused in one of the many states of India. Kmoníček emphasized that India has not just one economic policy; every state has a different policy and there are as many states as in the EU.

"We are astonished every time foreigners come to Europe and expect Czechs to be the same as the Spanish and work the same as in Germany. Well, that's not the case, and India features the same characteristics," he said. He

argued that the main commodity for every hopeful entrepreneur on the Indian market is information. "If you are able to identify the Indian [person] with the correct information and who is in a position to decide on that information, you've got the right man," he said.

The time it takes before a business starts to run varies from the private to the public sector. One the one hand, it can be relatively short on the private market. Yet, if you aim to work with the state sector, get ready for lengthy procedures. "Our experience at the embassy says that from the first meeting till completing the job, you can expect three to five years. You can say it's too long. Yes, but at the end there could be a contract for several billion dollars," Kmoníček said.

On the other hand, in the private sector things are much different. Kmoníček recalled one Czech factory that wanted to sell their equipment to India. "We identified the partner; it was a person sitting in his not-too-good villa. The Czech entrepreneur was shocked by the situation of the trader; yet, he sold his whole equipment for \$1 million (Kč 18.88 million/€737,050) in cash, on the spot. I had to take the money back by car and place it in a safe at the embassy," he said. "India is a country of creativity. If you know your product and you're able to identify your customers for the Indian price, you'll find astonishing opportunities," he said.

The right people and the wrong people

Kmoníček said that trade between the Czech Republic and India has more than quadrupled in the last couple of years. "In five years, from \$350 million we are now approaching \$1.2 billion in turnover," he said, adding that the balance will probably grow thanks to the financial crisis on the European markets. To him, the financial crisis has had surprisingly positive effects. "I'll be non-diplomatically tough now—if three years ago I was asking a Czech entrepreneur to go to India and try their skills there, they would answer: 'Why should we do that? We're selling well right here, to Germany and other Western Europe countries.' That's it. I had a hard time to persuade new people from new companies to go to India. Now, the situation is quite the opposite," he said.

Even though the interest is growing and results are already showing up, there is still more room to enter this market for every company. Kmoníček noted that as much as India is growing, the financial market of the country started in 1991 only. Foreign direct investment (FDI) was growing every year; however, till last year it was standing at the same level as in the Czech Republic, Kmoníček said, while India has a population more than a hundred times larger.

"If you look at the tourism sector, the potential is huge. In the Czech Republic, if it's a bad year for tourism, we'll have some 6 million tourists coming over. In India, the best result they ever reached was 2 million. Imagine the growth potential of these services in the future. All these opportunities are waiting there for you if you know how to be on the market," he said.

One of the essential things he emphasized is that you can't be in India without knowing things and without knowing where to find the correct information. "That might take time, but after you have it, miracles can happen. You can't do business if you're not physically there." In his view, the Indian economy is divided into two parts: the formal one and the informal one. The formal one is driven by the domestic market and consumption and makes up more than 50 percent of the country's gross domestic product (GDP). The informal one comes from the Indian operations where 70 percent of India is still living in villages.

Kmoníček gave the example of Rupert Murdoch, who came to India to bring cable TV there. He started in Delhi; he met the prime minister, the finance minister and half of the government; then, he went to meet his private business partners and told them whom he met. "To this, his partners told him: Rupert, you did very well. You met all the correct people you should have met. But if you want to do business in India, now it's time to meet all the wrong people. That's why you have to be there," Kmoníček concluded.