

d. Manufacturing in India

The options for the foreign investor are as follows:

Joint venture: when an Indian promoter is involved the company thus formed is popularly known as a 'Joint Venture'

Foreign investment with Indian public participation: When a foreign investor does not wish to involve an Indian partner, however he has to offer 60% of the equity to the public.

Foreign investment only: This option is open to those foreign investors who commit to export 100% of their production.

2. PROBLEMS OF DOING BUSINESS IN INDIA

India has to be approached with an open mind. Some of the likely problems faced by foreign companies in India are as follows:

- The population consists of a large number of communities having different cultures and speaking different languages. There is no one uniform way of communicating with them. However, English is widely spoken.
- Transport infrastructure is not adequately developed
- Communication facilities are not as well developed as in advanced countries
- Power supply is still inadequate in most parts of India
- Port facilities need further improvement.
- There are bureaucratic delays in working with the government sector. Project clearance still averages 1-3 years. The Indian economy continues to be seen as slow, complex, inward looking and protectionist.
- Though cheap labour is easily available labour efficiency is low.

For a Canadian company considering entry into the Indian market, there are 3 basic requirements: a market niche, an agent and perseverance.

3. HOW TO BE SUCCESSFUL IN INDIA

India offers excellent opportunities to the foreign companies provided they learn to adapt their style to the Indian environment. Some tips on doing business in India are as follows:

- Approach India with an open mind. Learn about Indian government policies and Indian business environment
- Define carefully actual market potential and possible targets through a market survey
- Assess clearly the commercial costs involved and compare them with expected returns.
- Take a long term view of the involvement in India. In general, companies which have approached India as a permanent place to conduct business are very positive about their experience here
- Be prepared to accept the Indian regulatory framework.
- Recognise the importance of finding a good partner. The choice should not be made in haste.
- Be flexible and accommodating during the negotiations.
- Offer competitive technology package with close technical follow-up.
- Be patient.
- Visit India for there is no substitute for a personal visit. Most businessmen who go to India for the first time are pleasantly surprised and come back with contacts and business potential which they had not expected. The fullest possible use should be made of the services provided by commercial division of the Canadian High Commission in Delhi and the Consulate of Canada in Bombay.