

7. ENTERING THE INDIAN ELECTRIC POWER, ENERGY CONSERVATION AND RENEWABLE ENERGY MARKET

The Indian market is complex and difficult to enter. Despite the magnitude of India's foreign-sourced equipment and services, international firms require considerable effort and resources in order to become firmly established. Entry could be a time consuming process, often taking three years or more.

As the major purchasers in the Indian Power industry are government-owned agencies which are subject to scrutiny by the Indian Parliament, project/bid reviews are often extensive and protracted.

Generally, successful approaches by foreign companies can be characterised by the following features:

- a) Accurate identification and selection of the most appropriate type of local representation.
- b) A marketing strategy emphasizing flexibility and perseverance.
- c) A marketing plan which focuses on the medium to long term as opposed to short term returns.
- d) Highly competitive pricing of both end products, services, and technology transfers.
- e) Provision of attractive concessional financing for transactions not covered by multi-lateral funding.
- f) Collaboration in a variety of ways with Indian partners in the long term to realize the benefits accorded to local companies.

Local Representation

The single most important element in developing a successful approach to the Indian market is the proper local representation. Depending on the product, service or project, there are a number of suitable options. The choice may include a local agent working on a commission basis, a local representative as an employee of the foreign company, an Indian company as a licensing recipient, an Indian company as a joint venture partner with or without Canadian equity participation, etc. A combination, or series of these options over a period of time, is often the best way to maximise the contribution of local representation towards meeting a foreign firm's marketing goals. There are a number of reasons for according a pivotal role to local Indian representation. For example, Indian representation is important to ensure early market intelligence and appropriate follow up activities. A good representative knows months ahead of time that a tender of interest to a foreign principal would be called. An effective agent should be able to track developments of interest from the early planning stages right through the evolution of relevant government policies to the stage of drawing up tender specifications. Further he should be able to obtain tender documents with sufficient lead time which is important to ensure that a foreign firm is positioned as advantageously as possible. An astute representative can also contribute to planning appropriate market strategies as well as determining the nature of the competition. He could also advise when appropriate intervention is called for at the Principal's level to clinch a business deal. Further an ability to effectively track down the progress of tenders and projects within the intensely bureaucratic system of India is extremely important.

Not unlike other Asian countries, India's business environment requires a great deal of direct personal contact. Numerous meetings at all levels, high ranking contacts and longstanding relationships are essential to developing, in Indian Power Sector officials, the confidence and enthusiasm required to support a foreign firm's business interests particularly as it relates to significant projects. The lead time and cost that a foreign company may require to develop this network of contacts and relation-