

# WHY AND HOW TO DO BUSINESS IN INDIA



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## Why Do Business In India

India is amongst the fastest growing major economies in the world, growing at around 7 per cent a year.

India is Australia's fifth largest export market with Australian merchandise and services exports valued at approximately A\$ 19.2 billion as of 2016-2017. The Australia – India bi-lateral trade comprising of merchandise and services is valued at A\$ 25.7 billion.

In 2016-2017, Indian foreign investment into Australia was valued at A\$ 13.5 billion, with Australian investment in India valued at A\$ 10.3 billion.

## Cultural Information for Doing Business in India

### Business Relationships

Compared with other business cultures, which may be more transaction based, Indians prefer to build strong relationships prior to doing business.

Business relationships are based around mutual trust and respect.

In general, Indians prefer to have long-standing personal relationships prior to doing any business.

Third-party introductions are a good route to go through when establishing business relationships. They will give you instant credibility.

Take the time to get to know your business partner. Rushing straight ahead with business matters may be considered rude.

Indians rely on their intuition as much as statistics and figures when choosing business partners. Be wary of this.

Business cards are widely used in India and foreign visitors are encouraged to bring some with them when visiting. Always accept them with your right hand, as the left is considered unclean in Indian society.

Be aware that Indians are heavily family-orientated and this spills over into the business world. Many businesses, even multi-billion dollar corporations, are family affairs.

India's society is very hierarchical and, since roles and status are extremely important, you should be respectful towards higher-ranking people. Always use academic titles when addressing Indians.

### Planning business meetings

Planning business meetings in India can be a long process as there are many national or regional holidays that might get in the way. You should start organizing meetings well in advance since they will very likely have to be postponed to later dates at least once. Keep in mind that even though Indians tend to show up late for meetings, they will expect you to be punctual.

Business dinners are quite common in India, but they are more used for establishing contacts than for making business decisions.

### Greetings and small talk

You will encounter cultural differences between India and Western countries already when you first meet your business partners. Many expatriates will try to shake hands when greeting, which might lead to some confusion among your Indian business partners. The Indian way of greeting each other is placing your hands in front of your chest and bowing forward.

Business cards are commonly used in India and you should always exchange them using your right hand, since the left hand is considered unclean. Since mutual respect is important in India, you should take some time to read your business partner's card.

Every meeting in India starts with some small talk. You will talk about weather, sports and movies. Indians are also very interested in the person they deal with, so be prepared for the fact that quite personal questions about your family will be posed as well. This is a bit strange at first but you will soon realize that also being open to personal questions will help you gain the trust of your Indian business partners. Good personal relations may even be more important than economic factors.

### Business gifts in India

When meeting business partners it is common to exchange little gifts. You should wrap them in red, green, yellow or blue, as these are the colours of luck in India. The gifts themselves play a rather symbolic role. They are only a gesture and should not be too expensive. It is always a good idea to give away something typical from your home country. Keep in mind that Indians are very religious people. Presents such as leather bags might be considered an offence by many Hindus! The gifts are usually opened later at home in private and you should call your business partner thanking him.

### Social protocols at business meetings

During the meeting it is important to stick to social hierarchy protocols. You should, for example, always address most senior people first. Don't be shocked if your meeting is interrupted by callers or even postponed.

The way of communicating at Indian business meetings is something expatriates need time to get used to. Indians often try to be very indirect because they want to avoid the shame of losing face through direct refusals. Try to adapt to this way of

communication quickly as it will help you a lot being accepted and respected by your business partners.

Making business decisions takes much time and personal effort in India. Quite often the process is slowed down further because your direct contact is not authorized to make decisions and has to consult with his boss. For this reason, you should always try to get in contact with the most senior managers at business meetings. Their influence will speed up the process and help you save valuable time.

### Corruption in India

Even though there are many government programs against corruption, it is still an issue in India. Though corruption is now rather the exception to the rule, it is still important to know how to deal with it.

Especially when you are making business decisions, you may encounter people asking for presents. To keep your chances of making a deal you should provide the gift. If your present is regarded not worthy enough, you may be asked to present another one. Only when your business partners are satisfied, are you are going to be able to conclude your deal.