

BOARD OF TRADE OF METROPOLITAN MONTREAL - JANUARY 19TH 2010

INDIA - at a glance

Key-Note Address
by:

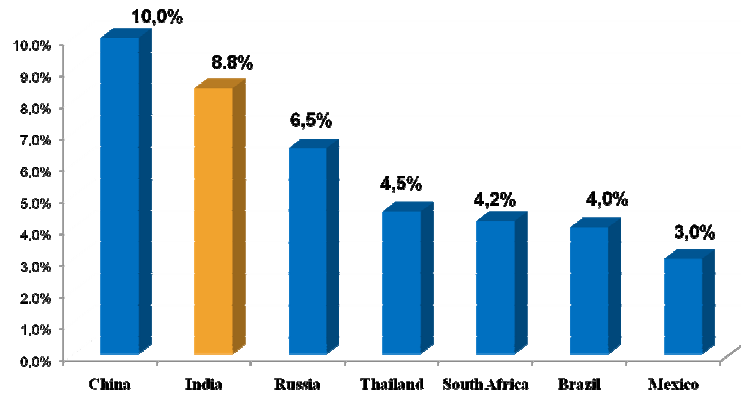
The Honourable Baljit S. Chadha, PC
PRESIDENT, BALCORP LIMITED

AGENDA

- **BASIC FACTS ON INDIA**
- **INDIA ADVANTAGES**
- **INDIA DISADVANTAGES**
- **DOING BUSINESS WITH INDIA**
- **OPPORTUNITIES**
- **CONCLUSION**

INDIA: LEADING EMERGING ECONOMY

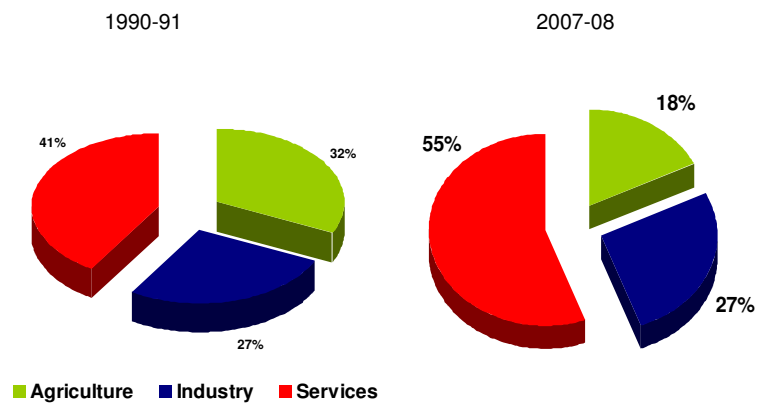
Top GDP growth in the world - 2008



India's average GDP growth has exceeded 8.0% for the last three years. Its economy is relatively insulated from global factors due to low dependence on exports as an engine of growth compared to many other Asian economies

2008 GDP = US\$ 1.2 TRILLION

GDP COMPOSITION 1990-91 versus 2007-08



INDIA FOREIGN TRADE

(2009 approximate figures)

Worldwide Exports - US\$ 150 billion

Major Countries: USA, UAE, China, Singapore, UK, Hong Kong

Export to Canada – US\$ 1.8 billion (1.2%)

Major Items: Diamonds, Jewellery, Clothing, Drugs & Pharmaceuticals, Manufactures of metals, Transportation Equipment.

Worldwide Imports - US\$ 263 billion

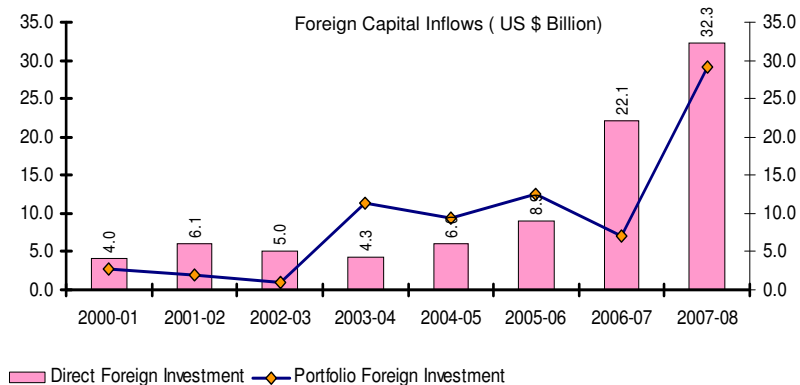
Major Countries: China, Saudi Arabia, USA, UAE, Switzerland, Iran

Imports from Canada – US\$ 1.9 billion (0.7%)

Major Items: Peas, Potash, Newsprint, Woodpulp, Copper, Measuring instruments and Transportation Equipment.

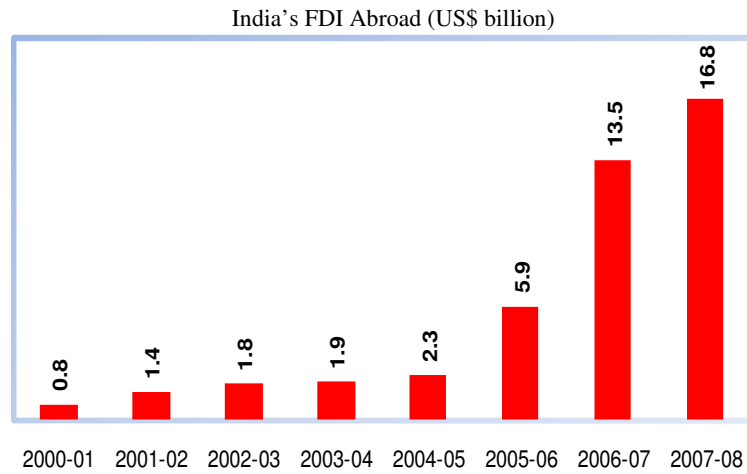
EXPANDING FOREIGN INVESTMENT

India replaced USA as second most favored destination for FDI after China as per A. T. Kearney's FDI Confidence Index.



Source: RBI & DIPP, Gov.

CAPITAL OUTFLOWS FROM INDIA - INCREASING



Source: Reserve Bank of India (RBI)



INDIA ADVANTAGES

- **Large English Speaking Population**
- **Leader in I.T. & the Software sector**
- **Has sophisticated financial systems**
 - *Both securities and banking sector*
- **A large Young Population**
 - *50% below 25 years of age*
- **Middle class population of around 300 millions**
- **Educational Institutions of High Quality**
- **Stable Democracy**
- **Rule of law – Strong Legal System**

INDIA DISADVANTAGES

- **Strong Bureaucracy**
 - *Mainly if dealing with government institutions*
- **Tariff and non tariff obstacles**
 - *Import duties used to be 100%, now highest duty is 35%*
- **High freight rates from Canada**
- **Very price sensitive market**
- **Poor Infrastructure**
- **High Real Estate costs**

S.O.P. OF DOING BUSINESS WITH INDIA - EASY AS A PIECE OF CAKE

- 1st Step **Internet search**  
- 2nd Step **Go to Trade Missions and meet a few people**
- 3rd Step **Compile a list of people in the trade**
- 4th Step **Send E-mails**
- 5th Step **Expect to have results in 2-3 months,
this is especially true of SMEs.**



NOW - THE REALITY

- There is no **EASY** Standard Operation Procedure (S.O.P.) of Doing Business with India,
- According to Geert Hofstede analysis of countries, India has a more than 2 times higher Long Term Orientation Index than Canada,
- Entering the India market can take 6 months to 3 years.

DOING BUSINESS WITH GOVERNMENT ENTERPRISES

The British created Bureaucracy and the Indians perfected it. In spite of reforms, India is still one of the most bureaucratic countries in the world.

Examples :

An helicopter company has been in a bidding process for helicopters for the Indian Air Force for the past three years and still the tender has not been finalized.

The Canadian Pork Association has been struggling for more than 3 years to reach an agreement with Indian authorities to change the Phytosanitary requirements for Pork imports.

Having said the above dealing with government enterprises in India will be one of the **great opportunity** of the future, especially for infrastructure projects, but one needs dedication, patience, a long term perspective and **the proper contacts**.

DOING BUSINESS WITH PRIVATE ENTERPRISES

India is a nation of traders - The current boom in India is driven by the entrepreneurial spirits of private enterprises; dealing with these companies is:

- Easier,
- Takes less time,
- Is less bureaucratic,
- **But very competitive, as most of the world suppliers are now targeting India,**
- **Still needs dedication , strong commitment and patience.**

THE RIGHT WAY OF DOING BUSINESS WITH INDIA

1. Market Analysis:

A company should do its homework to understand very well the business environment in India. A lot of reading and some travelling is necessary.

2. Clear Objectives and Mandate:

Sales people should have a clear and strong mandate and direction from the top management of the company.

3. Competition analysis:

Competition is fierce in India, as other countries are seeing the potential and are highly determined to get business in India.

THE RIGHT WAY OF DOING BUSINESS WITH INDIA

4. Long Term planning:

To have a realistic 1 to 3 years timeframe and ensure that constant presence is maintained.

5. Have a Price/Quality value proposition:

Even if India is considered a price sensitive market, still there are high expectations towards quality of products and services. (perfect documentation, communication on time, etc.)

6. Have a reliable partner:

In Canada or in India, who will be your representative and guide, acting as an extension of your sales department.

- Indo-Canadians would be ideal candidates, as they have sensitivities of both Canada and India.

SECTORS OF OPPORTUNITY IN INDIA

- **Infrastructure**
- **Manufacturing**
- **Services**
- **Energy**
- **Technology**
- **Food Processing**



CONCLUSION

The **3** fundamentals of doing business with India:

❖ *Dedication;*

❖ *Patience;*

❖ *Long term Vision.*



THANK'S AND ENJOY INDIA

BALCORP LIMITED
YOUR PARTNER TO INDIA