

[ Boym Institute ]

## Indian Round Table – Poland’s Challenges and Opportunities in the Subcontinent

Report on discussions by representatives of public administration, the business community and representatives of think-tanks

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## How to build an ecosystem of Polish success in India?

In recent years, India has been the fastest growing among the major countries' economies in the world. This placed it as the third economy of the globe, measured by purchasing power parity. In the coming decades, the Subcontinent's largest country may remain one of the pillars of global economic growth. This is one of the reasons why the country is already the most popular destination for Polish foreign investment in the Asian-Pacific region.

At the same time, in the almost unanimous opinion of entrepreneurs, the Subcontinent remains a prospective but difficult area for Polish companies. The first experiences are not always favourable, and the specificity of running a business makes many entities expect support and provide practical knowledge about the local dynamically changing market.

The meeting at the Boym Institute was aimed at understanding the perspectives of various actions related to cooperation with India and finding ways to build an ecosystem of success in the Subcontinent.

## The rediscovery of India

Before 1989, Polish companies achieved some success in India thanks to the mediation of the state-owned commercial and investment centres.

The changes that the Polish and Indian economies underwent on the wave of the liberalization and decentralization of the 1990s, including the collapse or change in the profile of some large companies, caused many of these contacts to be severed.

The period after 1989 is the first in which private companies are standing on both sides of contract and business contracts. Many Polish small and medium-sized enterprises have to discover the Indian market for themselves. In order to sustain this process, female entrepreneurs need constant support from both public institutions and mentoring on the part of more experienced businesses.

## 1. Opportunities and challenges in the Indian Market

### Opportunities

- **Made in the EU (Poland)** On the Indian market, Poland benefits from being part of the European Union and the possibility of delivering European products. **Building the awareness of the Polish product as a reliable European brand** on the Indian market is a chance to achieve success.
- **Poland should make greater use of the already existing India-EU cooperation platforms and support institutions.** Polish business associations and business support institutions could, for example, ensure better representation of Poland entities in centres such as the European Business and Technology Centre (<https://ebtc.eu>)
- **It is worth looking for your opportunities in new trends on the market and sectors.** An example may be the use of the potential of the smart cities program (introduction of modern technologies to urban infrastructure), the public safety sector or the education of young children, similar to those in the West, and the use of “smart” solutions – educational products for children. Other promising industries include fitness, pet products, and traditional industries of agricultural and mining modernization.
- **Success in India is most likely if a given entity/product becomes part of an important socio-political process.** An example would be a) the use of educational toys in the reform of education systems, b) designing new mines – from design drawing to starting/operating a mine.
- **Distribution channels should be strongly related to the specificity of the market.** For example, the standards of showrooms in India differ significantly from the European ones, and the e-commerce channel is often used by customers from their mobile phones while driving in traffic (the customer often does not drive the car, they have a chauffeur). Hence the need to adjust product presentation, ease of ordering and delivery associated with other habits. Due to the hierarchy of the society, one of the methods is to build the image of the product as an exclusive product, available only to a select few
- **The investment may require finding an Indian partner and establishing a joint venture with them.** In some sectors this is a formal requirement and in others it is a practical convenience. Once you find such a reliable partner, it can be valuable not only on the Indian market, but also in many other places around the world (thanks to Indian global family networks).

## Challenges

- **Large projects require many years of planning and certain staff constancy.** Due to rotation in state-owned companies or companies with a dominant share of public authority in Poland, some industries, such as coking or copper mining, lack strategic continuity and many years of talks with India are not continued. So the challenge remains to maintain strategic continuity despite staff discontinuity on both sides.
- **Effective action on a large scale requires building coalitions of a greater number of entities.** The challenge remains to break the climate of distrust between Polish entrepreneurs and see the benefits of cooperation.
- **Understanding the consequences of Indian diversity** – Polish entrepreneurs and institutions are accustomed to functioning within a unitary state (the rules are practically uniform throughout Poland) on the one hand, and within a common EU market on the other. However, if many entrepreneurs are aware of cultural and religious diversity, they often find the consequences of the federalization of the state and the ability to set taxes and rules at the state level surprising.
- **Knowledge of the Indian market as a whole should therefore be supplemented with regional specifics.** A step in the right direction is the report on the sources of knowledge on India's regional economic specifics prepared by the team from the Asia Research Centre at the War Studies University.
- **Visa processing remains a challenge for public administration, particularly consulates.** Currently, the time required to obtain a visa and the conditions for obtaining and waiting for a visa discourage Indian partners from making business visits (for example to manufacturing facilities in Poland). Entrepreneurs expect their business partners to find it easier, especially with a documented history of returning from the Schengen zone.
- **Coordination of legal services** – in many countries, legal services are provided by specialised companies, depending on the type of assistance needed. In India, lawyers often feel that their foreign client should rely on their expertise, even though they lack experience in certain substantive issues. Seeking a second legal opinion is often treated as breaking an unwritten rule. **The challenge can be to create a functional legal service that combines comprehensive operations on the Polish and Indian markets, without compromising business relationships with partners.**

- **The need to set time and resources aside for longer trips.** Business partners need time to get to know each other. The process of entering the Indian market is also difficult and time-consuming due to bureaucracy, unclear regulations, labour law or certification process. Although the law is not very complicated, the administrative process itself is difficult, for example to establish a company in India.
- **It is worth extending the time for business trips.** Given the different understanding of time in the Indian market, the length of business trips co-organized by public authorities should be adjusted to local conditions (more than three days).
- **How do we reliably inform about India's transformation and build a foundation for future success?**

#### The role of analytical institutions/media:

- **The need to distribute two types of knowledge.** On the one hand, practical knowledge related to specific business behaviours is present in India (long waiting times for invoicing in places such as hotels or bars, long travel times between two locations due to traffic congestion, restrictions on the use of India SIM cards, the most popular business applications, etc.). On the other hand, information about market trends and new regulations affecting business conditions is also important.
- Stories of successes and failures of others in this challenging market are also an interesting resource for entrepreneurs.
- Think tanks wishing to reach entrepreneurs should skilfully select knowledge, putting the most important information in clear summaries.
- It is important to use a **variety of formats**, especially podcasts and videos (which can be listened to/ watched on long flights).
- Apart from **the internet and social media**, the **knowledge distribution channel** could also be the media available during long transcontinental journeys (in-flight newspapers, in-flight multimedia library).

### The role of public institutions and business associations:

- **Performing evaluations of public support programs in the Asia-Pacific region on a regular basis and making this data public.** In this way it is possible to check which activities practically support Polish success and to what extent. The evaluation of previous strategies should be the basis for building new ones.
- **If some elements of support for entrepreneurs are difficult for public administration and their effects are assessed negatively by business, it is worth considering commercialization of a part of the economic promotion sector (tenders for support and promotion activities).** This could help counteract the inadequate allocation of resources and human resources.
- **The creation of information on public tenders in South Asia open to outside companies. Access to such specific knowledge is quite limited.** This gap in knowledge about government programs was filled by the Polish Institute of International Affairs report "India in the Reform Process. Opportunities for Poland."
- **Such knowledge should also be presented as a database and updated, along with information about the success of European companies in tenders under these programs.**
- **It is worth creating an updated guide to business in India,** which should contain a lot of practical information about tax regulations, customs tariffs or products codes. So as not to duplicate the work of others, it is worth creating such an open database together with European partners.

From the entrepreneur's point of view, there is a lack of information on **how to deal with the possible dishonesty of partners**, who to report to, how to solve such problems and what tools exist for this purpose.