

## India, Indeniable

### March 2006

Last January, Jean Charest went on a trade mission to India, along with about twenty major Québec businesses including SNC-Lavalin and Canam, as well as guests from academia. The business potential noted in the country was so encouraging that the Quebec government plans to set up a storefront there and begin a new mission soon, this time with over one hundred SMEs.

Not long ago, when people spoke about India, they referred to the poverty and simple lifestyle. Since then, the country has metamorphosed into *the* destination for business.

### India, the “world’s office”

While China is currently labelled the “world’s factory”, India is now striving to earn its stripes in the global economy. Once heralded for its silk and spices, the economic and business assets of today’s India are completely different.

Well-educated and affordable labour that is familiar with both the English language and Western culture makes this country highly beneficial to our businesses, mainly in the sectors of engineering, computer science, pharmaceuticals and insurance. We also cannot overlook India’s favourable economic and political climate: to date, it is the largest democracy in the world and its roaring economy relies on a booming private sector. Although the bureaucracy is occasionally flawed, the laws of the market end up prevailing. Fertile ground for outsourcing service activities, India has truly earned the title of “the world’s office.”

For example, in recent years, India has acquired distinctive competence in information technology. Bangalore, India’s “Silicon Valley,” has a pool of qualified engineers that are so affordable, it comes as no surprise that Microsoft, Oracle and Sun Microsystems have come here. But these internationalization strategies are not the sole prerogative of big business. Even Canadian SMEs must sometimes consider transferring some activities to India to stay in the race. Take the example of a 3-D animation designer for corporate Web sites. To stay competitive, the company had to move all its testing activities to India, retaining only design activities and marketing for Western customers. Because of the rising number of broadband Internet connections, India has abundant resources for efficiently handling tasks associated with administrative procedures.

With just over one billion citizens, the company's trademark features three letters: BPO for Business Process Outsourcing. From call centres and back office activities to telephone surveys, Indian companies are taking over administrative tasks from a growing number of Western businesses. Although it initially appears disconcerting to see service sector jobs heading for India, this phenomenon, in contrast, has the advantage of allowing companies like SNC-Lavalin and Air Canada to stay efficient by redirecting time, money and effort to their core competencies and developing the expertise of their personnel.

### **Great opportunities, great challenges!**

On one hand, it would be false to claim that off shoring a call centre to India can be done without any complications. A telemarketing business could not transfer its operations to India through the back door. Even though Indian workers speak English fluently, a North American respondent would quickly spot the accent or notice a culture gap if the discussion were to become more in-depth. Moreover, the concept of customer service doesn't have the same meaning or value in India as it does here. Although Indian salaries are rising, a large majority of the population still lives below the poverty line<sup>1</sup>. The concept of "customer satisfaction" doesn't spontaneously spring to the mind of all Indian workers.

Moreover, the condition of transportation and operations infrastructures requires some serious upgrading. Saturated airports, interminable traffic hold-ups and numerous power outages are routine experiences for the businesses that are established there.

### **The other side of the coin: a profusion of business opportunities**

These challenges, however, also provide for attractive market conditions, as our businesses have undeniable strengths in the energy, transportation and telecommunications sectors, among others. So why not take advantage of them?

Beyond the industrial opportunities, don't forget that India has a pool of consumers whose buying power is growing steadily. An early incursion by exporters who are well versed in international trade seems advisable.

Stimulated by annual economic growth rates in the neighbourhood of ten percent, India must be in our businesses' sights particularly because, combined with China, the area now nicknamed "Chindia" now has over one third of the world's population. It comprises a consumer population that is increasingly up on international brands, and diligently adopting the lifestyles of our societies. Given the region's growing strength on the world stage, it is in our best interest to not lose sight of the needs and desires of these tigers and dragons.

1. According to the World Bank, 300 million Indians receive less than a dollar a day.