



Doing Business in India

By Lothar Katz

When doing business in India, you may be surprised to find a country that is even more diverse than the United States. It prides itself with some of the most prestigious schools in Asia, the India Institutes of Technology, yet a full 40 percent of its population are illiterate. India is the cradle of Hinduism, yet it is also home to more Muslims than Pakistan and more Christians than Canada. There are 15 official languages, yet none of them is spoken by a majority of the population (English, Hindi, and Bengali are most common, spoken by about 32 percent, 30 percent, respectively 10 percent of the population).

When asked for my advice on how to deal effectively with Indian businesspeople, my answer is therefore that time-tested line of caution: "It depends."

India's business culture is diverse and regional style differences are also significant. Southern Indian companies, especially those in Bangalore and Hyderabad, tend to be sophisticated and progressive, but southern Indians are often more sober and conservative than the extroverted Northerners. Outside of mega-cities such as Chennai, Mumbai, Delhi, or Kolkata, businesspeople and officials in India usually have only limited exposure to other cultures and may expect things to be done 'their way.' Here are a few suggestions that might help you make your business interactions successful:

Building lasting and dependable personal relationships is very important to Indians, most of whom want to do business only with those they like and trust. Accordingly, allow some time for your Indian counterparts to become comfortable with you before starting to discuss serious business.

Unless they hold senior positions, Indians tend to speak in quiet, gentle tones and may appear shy. Do not mistake this for a lack of confidence. Reticence and humility only reflect politeness and respect for others. Loud and boisterous behavior is often perceived as a lack of self-control or a sign of dishonesty. When responding to direct questions, Indians may answer 'yes' to signal that they heard what you said, not that they agree with it. Open disagreement and confrontation are generally avoided in the country, so instead of 'no', you may not hear 'I am not sure,' 'we will think about it,' or 'this will require further investigation.' Each of these could mean 'no,' as does a 'yes' that sounds hesitant or weak. An Indian who considers you a superior may tell you what he or she thinks you want to hear, especially when others are around. Delivering bad news is commonly viewed as impolite. You may therefore need to listen for what is not being said to get the real message.

Causing embarrassment to others may cause loss of face for all parties involved and can be devastating for business relationships, so control your emotions and remain friendly at all times. If you have to bring up an unpleasant topic with an Indian, never do so in public and always convey your message in ways that show respect for the other person.

Gestures and body language are usually much more extensive in India than in most other Asian countries. However, avoid any physical contact with other people except for handshakes. Hindus and Muslims consider the left hand unclean, so use it only if inevitable.

When pointing at people, use your chin rather than a finger or your whole hand. Southern Indians may shake their head from side to side when signaling 'yes.'

In spite of their focus on strong relationships, Indian businesspeople can be shrewd negotiators who should never be underestimated. Most of them love bargaining and haggling. Expect business interactions to be slow and protracted. Delays are often inevitable, particularly when dealing with government bureaucracy. In addition, Indian companies tend to be very hierarchical. Decision makers rarely delegate their authority, and subordinates may be reluctant to accept responsibility. However, you may not be able to deal with a senior executive, which means that behind-the-scenes discussions will likely slow the decision process further. People from fast-paced cultures often underestimate how much time it takes and make the mistake of trying to 'speed things up,' which is usually counterproductive. Be prepared to make several trips to India if necessary to achieve your objectives. Keep in mind that Indians view impatience or pushiness as rude, so stay calm no matter how slowly things are moving.

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Indian contracts are commonly less detailed than those in the United States. Legal rights are generally enforceable in the country, but the process can be lengthy and cumbersome. While consulting a local legal expert is advisable, do not bring an attorney to the negotiation table since this may be taken as a sign that you do not trust your counterparts.

Signed contracts may not always be honored. This depends to no small degree on the strength of the relationship between the contract partners, another strong argument for continuing to stay in touch with and maintain the trust of your Indian business partner. Do not expect them to follow their commitments to the letter. While deadlines are viewed as important, Indians might claim that they have met their commitments even if they were a week or more late. Remain flexible and try to accommodate minor variances in your plans.

Business meals are less important in India than elsewhere in Asia. Lunching together is more common than having dinner together, but both can be great opportunities to strengthen relationships. Always keep in mind that Hindus eat no beef, Muslims do not eat pork, and many Indians are vegetarians. It is best to avoid drinking alcohol since some Indians might take offense. Great topics for conversation are India's cities and tourist destinations, its economic boom, and the country's education system. Topics to avoid are India's role as a nuclear power, its relationship with Pakistan, and the tensions over Kashmir. **N**

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