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Business Opportunities in India for Polish Entrepreneurs

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A B S T R A C T

Objective: The objective of this paper is to evaluate attractiveness of Indian market and to assess the gap between potential profit opportunities and the current value of Polish exports to India.

Research Design & Methods: It was decided to conduct empirical analysis based on secondary research where data is collected from the World Bank and by the Ministry of Commerce and Industry of India. SWOT analysis has been carried out to identify future steps for businesses planning to achieve success on the Indian market.

Findings: Although investment decisions are made upon evaluation of the economic profits and factors such as size of the market, level of competition, cost effectiveness, and market potential value, the geographical distance, new environment, adaptation costs and ease of doing business are the negative factors and the main obstacles in exploring Indian market by Polish companies

Implications & Recommendations: It is recommended to create a more effective investment promotion mechanism and to advertise the business potential that lies within the Indian market with regard to increasing liberalization and to rapid growth that implicates huge demand on import of certain goods and direct investments.

Contribution & Value Added: The originality of this work lies in in-depth analysis of key aspects of Polish investment on Indian market, revealing the conservative attitude of Polish entrepreneurs towards Indo-Polish trade cooperation.

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INTRODUCTION

India is a country of great traditions, rich culture and a mother land of such many inventions and discoveries in the world of science that it is hard to believe that India has emerged as an economic power very recently, just about two decades ago. Nevertheless, after three hundred years of colonial India and the Raj, forty years of recovery and struggle tied to internal and neighbourhood conflicts and twenty years of liberalisation process, India is seen as a rising economic powerhouse of the world.

This paper, being an initial work in research on Indian economy and business challenges, is based on the macroeconomic analysis, with some elements of bottom up presentation of opportunities and threats related to starting a new business in India.

The paper contains analysis of decision-making process that takes place behind the internationalization and of the main factors that affect this process. I will present the dynamics of export from Poland to India comparing the results between Poland and leading European investing countries. The research hypothesis is that although India is a highly attractive market for European countries, the current value of Polish exports to India does not meet the potential effective level of exports what results in the loss of opportunities. Effective level of export is reached when entrepreneurs make full use of and derive benefit from the export opportunities that lie within the Indian market.

The ultimate goal of this research is to reveal the niches and opportunities on Indian market and, by reaching that objective, to provide arguments that India is worth investing and enlarging presence of Polish companies on its market, despite many economic and non-economic obstacles.

LITERATURE REVIEW

Economic expansion beyond the domestic market is not just about getting access to a new market, but it is a necessary step to keep and sustain competitive advantage of the firm (Daszkiewicz & Wach, 2012, pp. 7-20), to seek new opportunities and to improve cost advantage that arises with increased output (economies of scale). Internationalisation allows industries to optimise costs and gives better access to a larger choice of quality and price of raw materials, capital, labour and technology. Additionally, internationalisation gives opportunity to shift the production from the high-cost home country to the relatively low-cost developing country, either to leverage profits or to fulfil its destiny according to Vernon's product life cycle model (Vernon, 1966).

Offshore investing and the internationalisation of business are considered key factors that determine the long-term success in the era of boosting globalisation (EC, 2011, p. 12). Following the EC survey (2011, p. 12) as of 2009 nearly 25% of SMEs in EU27 were involved in export and another 3% planned to start such activity. Offshoring is mostly popular among US companies being an effective solution to minimize costs in labour-intensive service industry, as well as in research and development (McKinsey & Co., 2003, p. 11). Wach (2012, p. 192) states that offshoring can be perceived in two ways. In economics it is based on the localisation change from the old traditional manufacturing regions to new low-cost regions, while in management it is treated like the new combination of employment within a firm. Furthermore, existing literature depicts two forms of offshoring, namely offshore in-house sourcing as well as offshore outsourcing known also as out of house offshoring (Wach, 2012, p. 194). Dossani & Kenny (2004) argue that the combination of low labour costs, good project management skills and technological sophistication make India a particularly attractive candidate for outsourcing.

Still, India offers much more market opportunities than the above ones and that are hard to find in any other economies. Many authors and researchers believe that in the recent future American and European companies will compete not only with each other, but also with Asian (especially Indian) and African companies (Wach, 2013, p. 5; Wach, 2012, pp. 298-299).

Being an emerging market with a rapidly increasing demand and high GDP growth rate, India is already the third largest economy in the world in terms of GDP measured in purchasing power parity. Quah (2011, p. 3) projected the world's economic centre of gravity to locate by 2050 literally between India and China. India is currently seeking policy and resources that would enable it to get back to more than 8% GDP growth after the slowdown caused by the global financial and economic crisis. The country desperately needs land, labour and capital market reforms, as well as better infrastructure to restore India's competitiveness and to attract the investment and technology (Pratiyogita Darpan, 2014, p. 101). And companies that will take the risk, overcome obstacles and take advantage of the opportunities given by the huge market being exposed to liberalisation, on which the competition even on the mass markets is still very limited, will be definitely getting extreme profits out of their investments.

Interesting point of view is presented by Bagla (2008), who has a strong background as the consultant and author of many market research articles, some of which have been published in *Harvard Business Review*, *Businessworld* or *Bloomberg Businessweek*. Bagla provides a practical guidance based on the experience of many companies and gives an overview of Indian economy, culture and traditions and many other non-economic factors, but from the business perspective.

A comprehensive study of the Indian market by the World Bank and the International Finance Corporation (IFC) provides quantitative indicators on business regulations and the protection of property rights, comparing the results with 188 economies of the world (World Bank, 2013a). The study presents the economic indicators, their relationship with economic outcomes and presents main business regulatory reforms.

Although research on doing business and on benefits of investing in India for Polish entities gained a lot of interest as a subject of economic forums, yet it has not become the subject of academic papers.

A wide review of research over doing business in India in leading International journals was made by Rienda et al. (2011), who formulated the conclusion that the potential avenue for further research would be to undertake an in-depth study of foreign companies in India, their influence on local companies, and how they can help Indian companies break into foreign markets (Rienda et al., 2011, p. 25). In their opinion the most popular research topics are cultural influence and comparison between countries, business practices, studies which focus on one sector or company in India, and the business operations and management of foreign companies in India. As for business environment in India, authors conclude that general characteristics which are present in different aspects of Indian companies are of greater preference for bureaucratic structures than in developed countries, the key role of culture in performance, and, that culture, ownership control and trust need to be carefully considered in any endeavour to establish a joint-venture with an Indian company (Rienda et al., 2011, p. 24).

As Forbes (2001) noted, after the decade of liberalization the visibility of foreign brands has increased dramatically, and, more importantly, there has been a dramatic increase in competition across the country (Forbes, 2001, p. 16). From the macroeconomic point of view, it is worth highlighting that total investment in technology by Indian industry has increased, with a rise in spending on both technology import and in-house development (Forbes, 2001, p. 18). From the micro-view, Forbes concluded, that many Indian firms have responded to liberalization in three ways: by improving manufacturing efficiency, by restructuring and increasing volume of import of the technology (both in the form of increased foreign investment and technology licensing) and by increasing in-house investment. The fact which can't remain unnoticed is that 48 out of the top 100 firms for 1999 are companies created in 1991, which was the initial year for the liberalization process in India (Forbes 2011, p.18). Sebastian et al. (2006) concluded that, (1) the Indian business management has different degrees of modernization, (2) the skilled labour supply is sometimes less than the demand for it, (3) the degree and type of technological development is uneven with some industry sectors having cutting edge technologies and others poorly served by financial, technical and infrastructure requirements (Sebastian et al., 2006, p. 35). They also suggest, that the same Indian company may behave differently when dealing with companies from different countries, religions and other backgrounds, therefore a particular culture, regional business context should be analysed individually.

The above findings and recommendations are taken into account in the analysis of the specification of business relations between Poland and India. The analysis will give an overview on the mutual trade and provide analysis of opportunities for Polish investors, the advantages that give a chance for progress and the obstacles that may hold up the desired growth.

MATERIAL AND METHODS

This paper evaluates the attractiveness of Indian market for Polish entrepreneurs and assesses the gap between potential profits and the current value of Polish exports to India. The hypothesis is that although India is a very attractive trading partner for European countries and the share of European exports in Indian imports is very significant, the current value of Polish exports to India does not meet effective level of exports which results in the loss of opportunities. The research questions are: what is the relation between the dynamic of growth of Indian imports and growth of Polish exports? And: what is the current value and the potential value of exports from Poland to India?

An empirical analysis is based on secondary research data collected by the World Bank, by the Ministry of Commerce and Industry of India. The analysis begins with a review of the directions of Polish trade, further focusing on the trade relations with India. This is followed by the analysis of Indian trade and the gap between potential and actual gains for Polish economy related to exports to India.

Since the ultimate goal of the research is to reveal the niches and opportunities on Indian market and, by reaching that objective, to convince readers that India is worth the investment and the increased Polish companies participation, a SWOT analysis has been carried out to identify further steps in business planning to achieve success on the Indian market.

RESULTS AND DISCUSSION

Among 15 most important markets for Polish export, 12 countries are the EU member states, and the key markets are Germany and Great Britain. Based to the data from the report on the international trade in 2013, prepared by the Ministry of Economy of Poland (2013, p. 37), Polish entrepreneurs achieved the highest growth of intra-EU acquisition, with Lithuania, Slovakia, Great Britain, the Netherlands and the Czech Republic. The export basket (including intra-EU acquisition) is mainly composed of items from electro-mechanical engineering sector – 40.7 billion EUR (37.3%), chemical industry – 14.9 billion EUR (13.6%), agri-food production – 13.8 billion EUR (12.6%) and metallurgy – 13.3 billion EUR (12.2%).

It has been also emphasized that trade cooperation with Asian countries is barely visible. In the analysed period, the trade deficit with Asian countries amounted to 19.8 billion EUR. It is mostly the result of the trade deficit between Poland and its three major trading partners in Asia: China, Korea and Japan.

In 2012, according to the Ministry of Commerce and Industry of India (Export Import Data Bank), the value of common trade was 1.4 billion USD, which constitutes a 34% growth compared to 2011. Export to India totalled 624.25 million USD, and import value was 787 million USD, thus Poland recorded a trade deficit of 162.75 million USD. Although the figures are proportionally very positive compared to 2011 and to the negative growth from 2010, the share of India in Polish foreign trade is very low in relation to the economic potential that lies in this mutual cooperation. In 2012, India's share in Polish trade amounted to 0.21% in exports and 0.55% in imports. Looking at Indian records, Poland has only 0.13% share in India's total imports, and 0.26% share in India's total exports (Export Import Data Bank). Thus, considering the fact that India is becoming one of the major players on the global market and a rapidly growing economy with quickly growing economic needs, the results of Indo-Polish cooperation can be very disappointing. Not to mention that India has been ranked second place in global foreign direct investments in 2010 and has continued to remain among the top five attractive destinations for international investors during 2010-12 according to United Nations Conference on Trade and Development (UNCTAD). As presented in Figure 1, Indian GDP indicates a long term high level growth despite the recent slowdown resulted from the aftermath of the global crisis. Figure 1 presents GDP growth for BRIC countries, the European Union, the US and the world (World Bank, 2013b).

Despite the fact that India has been experiencing an economic boom for the last two decades, government and the Reserve Bank of India still need to tackle many critical issues head on. The GDP growth rate has declined mainly because the largest component of the economy, the service sector, recorded a poor growth, estimated just at 6.2% against the 11.2% estimated earlier (Pratiyogita Darpan, 2014, p. 32).

The Economic Situation in India

After gaining independence, Indian foreign trade has made a cumulative progress both qualitatively and quantitatively, however that increase cannot be considered satisfactory, as Indian share in global trade has remained relatively low. In 1991, the government under the leadership of the finance minister, Manmohan Singh, adopted the policy of economic liberalization and a series of economic reforms have initiated the process of market opening.

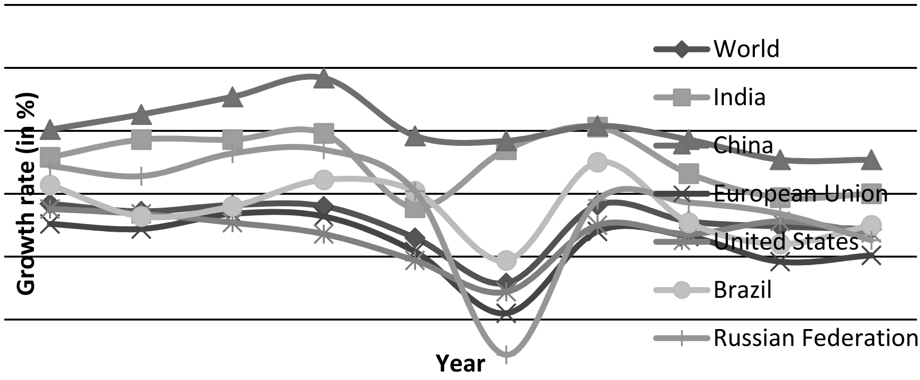


Figure 1. GDP growth rate for India and selected countries and regions in 2004 – 2013 (in %)

Source: World Bank, (2013b), database NY.GDP.MKTP.KD.ZG.

Table 1. Top trading partners of India in 2012 (in million USD)

Rank	Country	Export	Import	Total Trade	India's Trade Balance
1.	China P RP	18 076.55	55 313.58	73 390.13	-37 237.02
2.	U Arab Emirates	35 925.52	36 756.32	72 681.84	-830.80
3.	USA	34 741.60	23 454.92	58 196.52	11 286.68
4.	Saudi Arabia	5 683.29	31 817.70	37 501.00	-26 134.41
5.	Switzerland	1 095.34	34 758.96	35 854.30	-33 663.62
6.	Singapore	16 857.71	8 388.49	25 246.19	8 469.22
7.	Germany	7 942.79	15 601.13	23 543.93	-7 658.34
8.	Hong Kong	12 931.90	10 408.71	23 340.61	2 523.18
9.	Indonesia	6 677.99	14 765.93	21 443.92	-8 087.94
10.	Iraq	763.97	18 918.47	19 682.44	-18 154.50
62.	Poland	787.00	624.25	1 411.24	162.75

Source: own calculations based on DGCI&S data (http://commerce.nic.in/eidb/iecnttopn.asp).

Unlike in many emerging countries, the liberalization process in India is being conducted at a much slower pace, hence India is called the Asian elephant rather than the tiger. Yet, the liberalisation process is constantly improving. Along with the dynamic growth and enormous needs generated by the domestic demand, especially on energy supply and vast infrastructure development, opportunity exist to achieve profits that would be more difficult to obtain in a relatively saturated and competitive European or

American markets. For example, in September 2013 Indian government gave approval for infrastructure projects worth more than 27 billion USD realized by foreign investors (Trade & Investment Promotion Section [T&IPS], 2013a). The program has been designed to increase the amount of foreign investments in order to reduce the current account deficit and to avoid further depreciation of the Indian currency. As presented in table 1, India's top trading partners are China, UAE, US, Saudi Arabia and Switzerland. Poland is on the 62nd position in the rank, with around 162.75 million USD India's surplus trade balance (Table 1).

Gap Between Potential and the Current Value of Polish Export to India

Polish exports cover a wide range of electromechanical and chemical products. Share of electromechanical industry amounted to approximately 194 million USD (37.1%). Next on the list are chemical products and organic chemicals (25.1%). On the third spot are metal products, mostly iron and steel, that account for about 24% of the total exports.

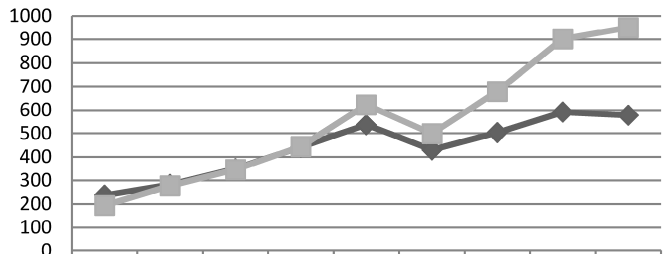
Table 2. Top imported goods from Poland to India and their share in total Indian import value in 2012 (in million USD)

Rank (by import value from Poland to India in 2012)	Rank (by total import value to India in 2012)	Commodity	Import from Poland	India's total import value	Share of imports from Poland in %
1	2	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metals and articles thereof; artificial jewellery, coins	128.45	91 075.99	**0.14**
2	20	Rubber and articles thereof	94.71	3 860.34	**2.45**
3	6	Iron and steel	86.3	13 646.01	**0.63**
4	3	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	63.78	37 552.37	**0.17**
5	4	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts	61.29	32 865.33	**0.19**
6	1	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	41.31	172 753.97	**0.02**
7	5	Organic chemicals	24.84	14 443.01	**0.17**
8	15	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	15.08	5 163.77	**0.29**
9	23	Copper and articles thereof	12.14	2 688.63	**0.45**
10	14	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes	10.83	5 794.88	**0.19**
Total			**624.25**	**489 319.49**	**0.13**

Source: own calculations based on DGCI&S data (http://commerce.nic.in/eidb/ecomq.asp, http://commerce.nic.in/eidb/icntcomq.asp).

If we analyse figures in table 2, all listed products covered by Polish export play a major role in Indian import and are ranked top 20, including all top 5 imported goods. Considering the fact that total share of goods imported from Poland represents only 0.13% of Indian import, potential business opportunities appear to be obvious.

Trends in aggregated value of India's imports growth as compared to aggregated value of Polish exports growth are illustrated in Figure 2. This reveals the relation between both indicators and evaluates whether the gap is increasing or decreasing over the last few years.



	2004	2005	2006	2007	2008	2009	2010	2011	2012
Aggregate value of export from Poland (2000r = 100)	236.7	282.5	349.7	442.2	536.4	430	503.1	591.4	577.8
Aggregate value of import to India (2000r = 100)	193.7	277.2	346.4	443.9	622.6	499.2	679.8	901.5	949.8

Figure 2. Aggregate value of India's import growth in comparison to aggregate value of Polish export growth in the years 2004 – 2012 (2000 = 100)

Source: own calculations based on World Bank (2013b) database TX.VAL.MRCH.XD.WD, TM.VAL.MRCH.XD.WD.

Although, growth of Polish exports is minimally flatter than growth of Indian import, one can say that the two indexes are quite correlated, therefore more than proportional growth in bilateral trade would bear a positive effect. Over the last decade imports of goods into India have grown at a similar pace to Polish export, with the exception of the last two years, when growth rate of Indian imports was slightly higher than that of Polish exports. Therefore, a growth of Polish exports is relatively below the pace of growth of Indian imports. In such case any positive growth in Polish import to India would be an improvement in trade relations.

The increase in Polish exports to India was relatively high as compared to other EU countries (Poland is ranked on the 6th place with 61.71% increase). On the other hand, Polish exports to India in terms of value of growth is relatively low, comparing to the top exporters as well as to the bottom ones. Germany has gained nearly 4 billion USD growth which is more than a third of the total growth of exports of the entire European Union, whereas former outsiders like Portugal or Estonia have boosted their export in getting the enormous 255.7% and 416% growth respectively. Both examples show, that Indian market can be a great partner not only for "hitherto" leaders, but also for countries representing a much lower share in the trade.

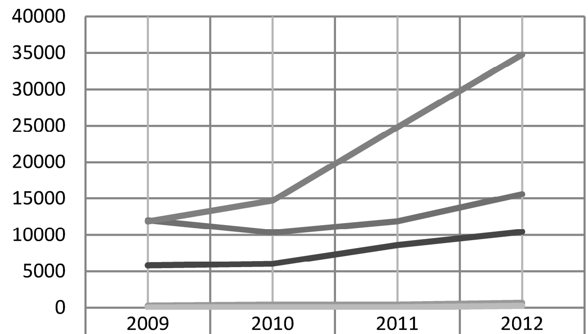
Table 3. India oriented export value and export growth rate among EU countries in the years (in mln USD)

No.	Country	2010	2011	Rate	No.	Country	2010	2011	Rate
1	Germany	11 891.4	15 601.1	31.2	15	Hungary	343	437 .3	27.5
2	Belgium	8 609.8	10 401.4	20.8	16	Ireland	259	411 .4	58.7
3	UK	5 396.8	7 134 .3	32.2	17	Portugal	85	303.6	255.7
4	Italy	4256	5 121.7	20.3	18	Estonia	45	231.7	416.1
5	France	3 704 6	4 332.8	17.0	19	Lithuania	125	203.4	62.1
6	Netherlands	1 853.1	2 618.5	41.3	20	Slovenia	92	157	70.6
7	Finland	1653	2 103.6	27.3	21	Latvia	196	143.2	-27.1
8	Sweden	1 619.4	1 940.8	19.9	22	Greece	93	110.9	18.8
9	Spain	1 487.6	1 809.8	21.7	23	Bulgaria	58	101.1	75.6
10	Austria	817.1	1 081.1	32.3	24	Slovakia	88	88	-0.1
11	Czech Republic	676.8	718.9	6.22	25	Luxembourg	37	56	53.0
12	Poland	386	624.3	61.7	26	Malta	36	42.3	18.1
13	Denmark	472.82	614.29	29.9	27	Cyprus	20	27.61	35.3
14	Romania	237.45	455.43	91.8	**Total**		**44.5**	**56 871.5**	**27.7**

Source: http://commerce.nic.in/eidb/irgncnt.asp.

Table 3 is a breakdown of the total export value from EU to India. If we analyse only EU countries Poland is situated on the 12th position, right behind Austria and the Czech Republic (Table 3).

The total value of exports from the EU in 2012 was calculated at 56871.5 million USD (Table 3). This means that Polish export represents only 1.1% of the total export to India from the EU. The highest increase, by 416%, was achieved by Estonia. This export performance is more than a third of value of Polish export (Table 3), despite the fact that Polish economy is much larger than the Estonian one.

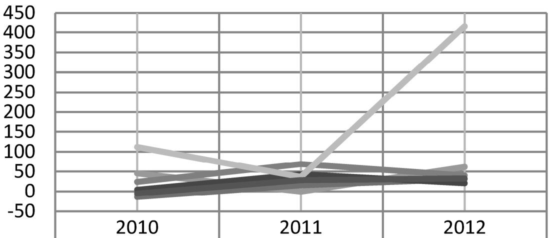


	2009	2010	2011	2012
Import from Poland	266.12	387.29	386.04	624.25
Import from Germany	12006.02	10318.18	11891.37	15601.13
Import from Belgium	5776.77	6019.2	8609.82	10401.43
Import from Switzerland	11869.5	14698.43	24802	34758.96
Import from Estonia	15.55	32.94	44.9	231.74

Figure 3. India's import value from Poland and selected European countries in 2009 – 2012 (in million USD)

Source: own calculations based on DGCI&S data (http://commerce.nic.in/eidb/iecnttopn.asp)

Figures 3 and 4 present the trends of value growth (in USD millions) and of the percentage growth rate comparing Polish results with the top European exporters and with Estonia. These figures show that in terms of exports value Poland is ranked close to EU countries with low exports value, whereas in terms of exports growth Poland achieves similar results as the top traders, which are large exporters that are achieving lower growth rates than small exporters. Such evaluation is rather far from satisfactory.



	2010	2011	2012
Import from Poland	45.53	-0.32	61.71
Import from Germany	-14.06	15.25	31.2
Import from Belgium	4.2	43.04	20.81
Import from Switzerland	23.83	68.74	40.15
Import from Estonia	111.76	36.33	416.09
India's total import	-5.05	28.23	32.33

Figure 4. Annual rates of change in Indian imports from Poland and selected European countries in the years 2009 - 2012 (%)

Source: own calculations based on DGCI&S data (http://commerce.nic.in/eidb/iecnttopn.asp).

The results show that Polish presence on Indian market is very low despite the high potential and great opportunities for Polish entrepreneurs. The chances to strengthen the position of Polish entities and products on the Indian market will certainly rise if Polish companies will follow the trends and determine the sectors that offer the greatest opportunities and the highest profits. Such areas include manufacturing, defence, infrastructure, consumer goods and knowledge based services, the industry in which Polish presence is hardly noticeable in India.

Opportunities

Rapid increase of production in India has caused many companies to owe their success to the global opening of factories in that country. The best example is the Korean Hyundai. The factory in Chennai established in 1996 is currently a key manufacturing plant where around 250 000 vehicles every year manufactured for exports (Bagla, 2008, p. 11). India offers not only low labour costs with easy access to modern technology, but also a huge investment of local and foreign companies, refineries, mining and steel manufacturers, which provides solid resourcing opportunity for the suppliers of raw materials, equipment or services related to the core production.

India also has the world's largest military that is being supplied by foreign companies that is a market worth 2.5% of Indian GDP per year, which is around 46 billion USD a year (World Bank, 2013b).

Extensive infrastructure plans are huge opportunities for foreign direct investment (FDI) and joint venture, however the potential investors need to deal with a number of restrictions on FDI or to win public sector contracts what is very difficult in the current legal situation.

'Westernization' and a progressive change of Indian culture impacts the demand on 'western' products and services. This is the result of globalization and the compromise between tradition and modernity, the needs of young Indian generation, the world of business and the world of fashion.

And the last but not the least, high profitable business opportunity in India is within the knowledge-based service industry. India, as an offshore "giant", is a perfect location for foreign companies from financial and technology industry (Omelańczuk, 2013, p. 97). Many Indian companies, like Infosys, Wipro, Zensar, Genpact and HCL (Puls Biznesu, 2013), not only leverage labour force and provide services to the largest companies in the world, but they also establish offices worldwide, e.g. in the United States, Australia, Ireland, as well as in Poland, hiring local university graduates and professionals.

Obstacles

Despite many temptations that Indian market has to offer, Polish entrepreneurs are often discouraged by the investment conditions and environment that requires more effort and ability to adapt than the regional market.The quality has to be built into every element of the process before taking investment decision. Still, poor knowledge of market realities and a very low number of companies that have succeed in India, like Can-Pack, TZMO,VTS, or Geophysics Torun, can be a demotivating experience for Polish entrepreneurs (T&IPS, 2013b).

Many non-tariff barriers, such as FDI foreign entity share limits and regulations that are created to protect domestic industry, hinder foreign entities access to Indian market. According to the recent "Ease of Doing Business" rank created by the World Bank in collaboration with the IFC India has a very distant, 134th position, with a relatively high score in terms of "access to credit" and "protecting investors". The results are even worse when speaking of ease of starting a business or the execution of contracts (Table 4).

Table 4 Ease of Doing Business in India according to DB 2013 ranking

Fields	DB 2013 Rank
Starting a Business	177
Dealing with Construction Permits	183
Getting Electricity	110
Registering Property	91
Getting Credit	24
Protecting Investors	32
Paying Taxes	159
Trading Across Borders	129
Enforcing Contracts	186
Resolving Insolvency	119

Source: http://www.doingbusiness.org/data/exploreeconomies/india.

SWOT Analysis

Getting all the factors together and based on the recent analysis of Indian trade potential made by the Department of Commerce (Ministry of Commerce and Industry of India, Department of Commerce, undated), a SWOT analysis has been carried out to identify key steps in business planning to achieve success on the Indian market (Table 5).

Table 5. SWOT Analysis of Indian business environment for foreign entrepreneurs

STRENGTHS	WEAKNESSES
– Availability of most natural resources and long coastline. – Diversified Industrial base. – Skilled manpower including entrepreneurial ability. – English language skills. – Growing middle class and disposable incomes represent a robustly growing domestic market. – Low wages compared to all developed and emerging developing countries like China and Brazil. – Younger population as compared to all developed countries and China. – Huge needs of energy supply related to rapid development. – Ease of getting credit to finance direct investments.	– Major infrastructural deficit in terms of power, ports, roads, and railways. – Lack of state of the art technology in many manufacturing sectors. – Low investments in Research and Development. – Low literacy levels and poor quality of technical education (except few colleges). – Low productivity and high morbidity burden on labour. – High transaction costs and cost of lending. – Red tape procedural delays (including in the judicial proceedings). – A Common VAT (Goods and Services Tax) yet not implemented in India. – High level of corruption. – Small number of significant agreements on economic cooperation between Polish and Indian Government.
OPPORTUNITIES	**THREATS**
– Good combination of skilled manpower and comparatively low wage costs can act as a catalyst to attract FDI for a wide range of manufacturing activities provided India bridge infrastructural deficit. – Improvement in farm productivity and establishment of cold chain could transform into an agro-products exporting power especially in fruits and vegetables. – Large ageing population among wealthier countries would compel them to outsource many of their activities to lower cost suppliers like India. – The Central Government in accordance with the commitments made to WTO has announced relaxations in imports of a number of goods. The major work has been done in 2000 and 2001 when the government has removed quantitative restrictions on imports of respectively 714 and 715 products. – The availability of large numbers of skilled IT professionals could be leveraged to turn India into the global back-office.	– The unpredictability of the duration of administrative procedures. – Cultural differences multi-ethnic environment and strong influence of Hindu and Muslim religions on the society requires strong understanding of Indian reality before entering the market. – Restrictions on the import of various goods e.g. on cosmetics perfumes luxury goods medical products food and dairy products. Difficulties in enforcing patent law.

Source: based on own conclusions and on DGCI&S data (http://commerce.nic.in/ann/StrategicPlan.pdf).

CONCLUSIONS

Economic cooperation between Poland and India does not reflect the potential opportunities offered to Poland by the liberalization of the Indian market and its dynamic economic growth. Although the EU zone will obviously remain the substantial Polish trade destination, domestic entrepreneurship should seek more opportunities in emerging markets and become more enthusiastic about investing in India, as there is a huge business potential for Polish entities.

Neither the big distance, nor the small experience on the market, can explain low trade activity and turnovers of Polish companies in India. In terms of value of exports to India, Poland is ranked close to EU countries with low exports value. In terms of dynamics of exports growth to India, Poland achieve similar results as the top traders with high exports value, for which growth rates naturally tend to be low.

In view of the fact that products exported from Poland export play a major role in Indian import and are ranked top 20, including all top 5 imported goods, and that total percentage of goods imported from Poland represents only 0.13% of Indian export, it may seem obvious that the profits could be much higher.

It is recommended to create more effective investment promotion mechanisms and to advertise the business potential that lies on Indian market with regard to increasing liberalisation and to rapid growth, that implicates huge demand on import of certain goods and direct investments. The subject calls for more attention as the existing literature about opportunities for Polish entrepreneurs for doing business in India and the reasons of their low activity is limited. For further research, it is recommended to focus on strategy how to leverage export of commodities that play a key role in India imports.

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