

## INDIA BUSINESS CULTURE FIELD REPORT

This report is designed to support and complement existing cultural information available through the UKTI posts in India (see [www.rln-east.com/culture](http://www.rln-east.com/culture)). It adds value in that it provides evidence and information from discussions and interviews with those 'out in the field' with regard to Indian business culture. Its primary purpose is to help better prepare UK businesses for approaching the Indian market for the first time, and is meant as an informal introduction to Indian business culture for our clients.



The information contained in this report is based on a number of sources, including discussions with both English and Indian businesses and business support agencies in India, material from the UKTI (RLN SW) publication "Doing Business in India", information from the UKTI (RLN EM) culture sheet and pod casts, and a UKTI trade mission visit accompanied by project staff to India in October 2007.

The report focuses solely on Indian language and business culture, and has been written in an informal style to reflect the comments made by those we met. To provide a range of views and establish consistency, we have cross-referenced comments from a number of sources as identified above. Much of the field element of the report focusses on businesses we met in Mumbai, and the reports recognises this limitation. As a first port of call we would recommend the UKTI posts in the cities of New Delhi, Mumbai, Ahmedabad, Kolkata, Chennai, Bangalore or Hyderabad.

Although the report focusses on answers to specific questions posed by clients, it is important to emphasise the similarities between Indian and British business culture due to the country's strong historical link with the UK. These similarities are outlined in the response to question 1 below. When in India, the practical advice in-situation from a distributor or other contact can be invaluable and will save you from having to remember all the intricacies of Indian business etiquette.

Specific thanks go to colleagues at UKTI Mumbai and Lina Bilkha & Ann Means of Cross Cultures Consulting in Mumbai, who provided us with valuable information.

First, some generic information on the country's economic performance: trade and investment is increasingly becoming an important component of the economy mobilising GDP growth to reach new highs of over 10%. A simultaneous slowdown in population growth post 2000 has also accelerated

per capita income growth by over 4% per annum. India is now the world's twelfth largest economy by market exchange rates and the fourth largest in PPP terms (2003) after the USA, China & Japan. Liberalisation has triggered the growth of a rapidly expanding consumer class. The increased use of consumer durables portrays this feature



However growth continues to be unevenly distributed. The States of Karnataka, Andhra Pradesh, Tamil Nadu, Gujarat, Maharashtra, and West Bengal continue to grow at a faster rate than their populous counterparts such as Bihar, Madhya Pradesh and Uttar Pradesh. Unemployment and income disparities continue to trap around 25% of the population below the poverty line.

India's slow paced yet consistent reform programme has reduced economic distortions and has increased external and internal competition. The public sector role both as producer and consumer of goods and services is declining, although still significant - the public sector now accounts for a quarter of GDP, one-third of investments and one-sixth of final consumption expenditure. This is expected to fall gradually as privatisation programmes gain momentum in the coming years. India's privatisation initiatives have enhanced the attractiveness of state-owned assets in sectors with a promising future such as telecoms, oil and gas, pharmaceuticals, real estate development and travel and tourism.

The report now addresses 6 main questions. These questions are those raised by UKTI clients we have talked to:

1. What are the main similarities to UK business culture?
2. What are the main differences to UK business culture?
3. Are there cultural differences between the various regions of India?
4. What meeting & negotiation styles are used?
5. What about the language – is English sufficient for everyday communication?
6. What about the intricacies or formalities of greeting and social graces?

#### *1. What are the main similarities to UK business culture?*

India is a very large and complex country. Many business people will have had a western or western style education. The business language is English, and the country also has a similar legal and business framework to the UK.

India has a substantial middle class, a skilled workforce and an increasing purchasing power. In large cities, business meetings and entertainment are conducted as in Western countries. Although Indians are known for their hospitality towards strangers, it is not customary for business associates to be entertained at home.



You must be prepared to adapt your offering to suit the Indian market. For example, successful consumer product exports are often innovative, lower-priced versions of their UK equivalent. Any advertising or other promotion should be adapted to take account of Indian culture.

The establishment of large western companies, particularly in the hi-tech and IT sectors, has increased as these organizations not only find the cost savings here important to their bottom lines, they welcome the large pool of educated hi-tech labour, young people who have chosen to stay in their home country when offered opportunities from incoming multi-nationals.

## *2. What are the main differences to UK business culture?*

India is an ancient civilization and its people have a predominantly religious attitude to life, marked by clear authority structures and distinct social status lines. The Indian government is committed to breaking down caste differences; however, it is important to remember that certain values and attitudes enable Indians who live in extreme poverty to understand and accept their lot in life, even if it is not easy to bear. India is one of the most ethnically diverse places in the world, and its distinctive culture is the product of numerous waves of migration over several thousand years.

It is a nation of contrasts: though it is economically self-sustaining, 46% of its adults remain illiterate. In contrast, InfosysPar in Bangalore, India's equivalent of Silicon Valley, generates \$4 billion per year and has an annual growth rate of 50% whilst elsewhere more than 300 million Indians live in abject poverty with no pure drinking water, primary health care or basic sanitation.



Women in business is a relatively new phenomenon in India, and although female visitors would be treated with courtesy and respect, your contact may at first be a little uncomfortable. In such situations care needs to be taken to develop the relationship slowly.

Pollution is prevalent in the major cities.

### *3. Are there cultural differences between the various regions of India?*

There are clear differences in the dispersal of wealth across India, and several clusters have developed which have influenced the shape of business culture. On the whole the business culture of Mumbai will be similar to other major Indian cities, and it is probably more relevant to focus on the specific business culture of growth sectors and where these are located.



Hi-tech IT clusters have developed both in Hyderabad and Bangalore, and these bring with them the development of western business and office practices. As a slightly extreme example, in one large Indian IT company in October 2007 HR policy was introduced to specify the appropriate type of clothing to be worn by female staff as they started to dress down & be less covered and thus had become 'a distraction' to some of the male

colleagues. The creative & media sector focused around 'Bollywood' in northern Mumbai would adopt a similar business culture to other worldwide film clusters.

Some cities are considered more business-friendly than others. At one business meeting we discovered that some considered one city (I cannot state which in this report) less business-friendly and did not attract the same level of investment as its equivalents in other parts of the country.

### *4. What meeting & negotiation styles are used?*

Make appointments in advance and confirm one week before arriving and once you have arrived. Arrive on time. Indians appreciate punctuality, but don't always practice it themselves. Be prepared to spend time getting to know each other before talking business. Send any agendas and back up materials in advance, and follow up the meeting with an overview of what was discussed and the next steps.



Take plenty of business cards, and exchange these after the initial handshake. Put your title and any qualifications on your card, present it formally with either both hands or the right hand, and with your name towards the recipient so they can read it when it is handed over. Try to use

your contact's title (professor etc) when initially speaking with him/her, and when entering a meeting room greet the senior staff first.

Seating is likely to be hierarchical, and time will need to be spent on general conversation at the start of the meeting. People may tell you what you want to hear, and don't assume a smiling face means acceptance, and stressing your common aims can help win round a conversation. In meetings, take plenty of time to build up trust before getting down to business. Always present your business card (you do not need to translate it into an Indian language).



It is important to maintain harmony, avoid conflict and confrontation during discussions. Mask any feelings of frustration with a smile. Negotiators tend to be sensitive to honour, 'saving face' (*izzat*), dignity and self respect. It is important not to allow your host to 'lose face' (avoid, for example, contradicting your host in public).

The most senior person will make the decisions, and if he is not at the meeting you are at the early stage of negotiation. Decision making can be a slow process. Don't lose your temper as that means you lose face and are seen as untrustworthy. The caste system can have a profound impact on decision-making, with the decisions usually left to a senior colleague in the organisation who is often a significant family figure. A contact may need to refer his/her findings further up the organisational hierarchy. In meetings subordinates would usually not question, contradict or interrupt a senior colleague, and in an office environment may even stand when the boss enters the room.

The hierarchical nature of Indian society demands that the boss is recognized as the highest individual in authority. When establishing business contacts, aim for those in the highest position of authority since decisions are made only at this level. In any event, you will often find that subordinates are reluctant to accept responsibility. Sometimes a meeting can be prolonged as the other person is on the phone.



Concessions are expected in price and terms, so you can expect them in return. Concentrate on building rapport, and do not be confrontational or forceful nor disagree in public with other people on your team. Indians will accept your word as your bond. Politeness, praise and respect are important and avoid making Indians feel hurried, as they don't like to say 'no'. In Indian culture a direct "No" can be seen as rude so silence or "we will try"

may be used instead. Successful negotiations are often celebrated by a meal. A gesture you will notice is a distinctive rotational move of the head. When done with a smile it can mean “yes” or “I understand”. Don't point with your finger, that is rude, and Indians point with a jerk of the chin.



Indian society is based on personal relationships, and a gift or reward for personal services is not always regarded as corrupt, although offering inducements in advance to influence contracts does happen. Paying bribes to prevent a form being obstructed is common.

In business risk is embraced, and innovation and pushing boundaries is encouraged. The success of Indian software companies demonstrates this. Be prepared to take time to build relationships, as Indians want to do business with people they know and trust. Show your own qualifications, business successes and abilities, and stress that you too value partners who are honourable and trustworthy.

You must be willing to be a patient negotiator and not become visibly frustrated or angry. Being aggressive can be seen as a sign of disrespect. Decision making can be slow, but by being flexible and aiming for a “win-win” you can develop a long term business relationship. Westerners can sometimes be seen as arrogant and patronising. Understandably Indians are sensitive to criticism and wish to be treated with respect.

Don't get frustrated with the bureaucracy and length of time it can take to get things done. You need to have a good rapport with contacts at various levels within the organisation you are targeting, particularly as this can help to expedite some of the paperwork or other red tape. Do not feel irritated if your contacts appear curious about you or your more 'personal' details such as income, family, age etc. You may find that your Indian partner wants to take a controlling share in your UK business.



##### *5. What about the language?*

The official language is Hindi. There are 17 other official languages including Bengali, Gujarati and Urdu. English enjoys associate status but is widely used in national, political, and commercial communication. Over 800 dialects are spoken, and the Indian constitution recognizes 18 regional languages. Of

these the main ones recognized by UK visitors are Hindi, Gujarati, Punjabi, Tamil & Urdu, the remaining state languages are Assamese, Bengali, Kannada, Malayalam, Marathi, Oriya & Telugu, and the remaining Indic, Dravidian & classical languages are Kashmiri, Konkani, Manipuri, Nepali, Sanskrit & Sindhi.

Hindi is written from left to right in Devanagari script. Few people in the south of India speak Hindi, which is the traditional language of the north, and this has hampered efforts by the Indian government to replace English with Hindi as the national language. English is the first language of many educated Indians, and continues to be used as the common language which has the widest acceptance across the different regions of the country. In the south of India Tamil is the widest spoken language.



It is not always necessary to translate literature and other promotional material (including key website information) into Hindi. Although many distributors deal with foreign suppliers, it is useful to have an Indian interpreter on hand, and the positive impression you will make by learning to speak a few basic Indian phrases cannot be overestimated. A guide to how to best use an interpreter can be found on the UKTI international communications website page <http://www.rln-east.com/resources/how-to-guides.asp>.

Financial support for training in one or more of the Indian languages the East of England is available via the LCIT (Language & Culture for International Trade) programme, which provides a sliding scale of match funding (50% over 24hrs for 5 staff or more down to 50% for 10hrs for 2 staff). For more details see [www.rln-east.com/funding](http://www.rln-east.com/funding) and [www.rln-east.com/lcit](http://www.rln-east.com/lcit).

To write Hindi one uses a series of steps. A step means you take the pen off the paper. Most Hindi letters can be written in 2 or 3 steps. The last step is the drawing of the horizontal line at the top.

The Devanagari alphabet is included below:

अ	आ	इ	ई	उ	ऊ	ए	ऐ	ओ	औ	अं	अः	अँ	ऋ
a	ā	i	ī	u	ū	e	ai	o	au	aṅ	aḥ	āṃ	ṛ
[ʌ]	[a]	[i]	[i:]	[u]	[u:]	[e]	[æ:]	[o]	[ɔ:]	[aŋ]	[aḥ]	[ā:]	[r]
प	पा	पि	पी	पु	पू	पे	पै	पो	पौ	पं	पः	पाँ	पृ
pa	pā	pi	pī	pu	pū	pe	pai	po	pau	paṅ	paḥ	pāṃ	pr

क	ka	[kə]	ख	kha	[kʰə]	ग	ga	[gə]	घ	gha	[gʰə]	ङ	ṅa	[ŋə]
च	ca	[tʃə]	छ	cha	[tʃʰə]	ज	ja	[dʒə]	झ	jha	[dʒʰə]	ञ	ña	[ɲə]
ट	ṭa	[tʰə]	ठ	ṭha	[tʰʰə]	ड	ḍa	[dʱə]	ढ	ḍha	[dʱʰə]	ण	ṇa	[ɳə]
त	ta	[tə]	थ	tha	[tʰə]	द	da	[də]	ध	dha	[dʰə]	न	na	[nə]
प	pa	[pə]	फ	pha	[pʰə]	ब	ba	[bə]	भ	bha	[bʰə]	म	ma	[mə]
य	ya	[jə]	र	ra	[rə]	ल	la	[lə]	व	va	[və]			
श	śa	[ʃə]	ष	ṣa	[ʃə]	स	sa	[sə]						
ह	ha	[ɦə]												

Additional consonants (only used in loanwords)

क्व	qa	ख्ख	kha	ग्ग	ga	ज्ज	za	ङ्ङ	ra	ढ्ढ	rha	फ्फ	fa
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Common conjunct consonants

क्ष	kṣa	ज्ञ	jña	त्क	tka	त्र	tra	द्व	dva	श्र	śra	द्य	dya
द्द	dda	त्त	tta	ड्ड	ḍḍha	द्भ	dbha	द्म	dma	ह्म	hma	ह्य	hya

Special ra forms

रु	ru	रू	rū	र्प	rpa	प्र	pra	ट्र	ṭra
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Numerals

०	१	२	३	४	५	६	७	८	९	१०
शून्य	एक	दो	तीन	चार	पांच	छः	सात	आठ	नौ	दस
śunya	ek	do	tīn	cār	pāñc	chaḥ	sāt	āṭh	nau	das
0	1	2	3	4	5	6	7	8	9	10

Although English is widely understood in business, there can be misunderstandings in communication between English and Indian contacts, often due to the differing expectations. Face-to-face communication between parties helps to alleviate this, as we found with one life science business we visited, where longer conversation revealed issues which would not have been discovered in a remote relationship (although clearly this can be applied to many markets, not just India).

6. What about the intricacies or formalities of greeting and social graces?



Business wear is conservative for men and women. Men should wear a dark suit and tie. Women should wear a suit or dress and not show too much skin. If you are going out for a meal ask about the dress code of the restaurant as it may be formal. Table manners can also be formal and food may be eaten with the fingers, or you may be provided with a spoon and fork. You may be invited to wash your hands before and after a meal.

Bottled water, soft drinks or beer are normally drunk with food, and Indians eat late. Arrive promptly, but be prepared to wait as Indians are not always punctual.

Wait to be told where to sit. Guests may be served in a particular order, with the guest of honour served first, and if you are uncertain about anything ask your host how you should behave. Normally the person who gave the invitation will pay for everyone, and offering to pay will be seen favourably, but expect to be turned down. To reciprocate and show appreciation, invite your host out another time.

Dietary restrictions are affected by religion so Hindus do not eat beef and many are vegetarians, Muslims do not eat pork nor drink alcohol, and Sikhs do not eat beef. Lamb, chicken and fish are the most common main courses for non-vegetarians. Washing your hands both before and after a meal is essential. When refreshments are offered, it is customary to refuse the first offer, but to accept the second or third. To refuse any beverage will only be perceived as an insult. Most traditional Indians are teetotallers and vegetarian, so their eating habits need to be respected. Westernised Indians are more outgoing and do socialise and drink alcohol. Do not use your left hand, particularly when eating: it is considered unclean. Gesture and eat with your right hand.



Personal questions or questions about your family are normal and should not be seen as intrusive. What we might consider nepotism is seen as positive and people openly show favouritism to relatives. Promotion often depends upon seniority and experience, not performance and achievement.

There are several styles of greetings in use, so it is best to wait for your counterpart to initiate the greeting. The traditional Indian greeting is the *namaste*. To perform the *namaste*, hold the palms of your hands together (as if praying) below the chin, nod or bow slightly, and say "*namaste*" (nah-mas-tay).

Many Indians are exceedingly generous, and you may be invited to their homes, as business and hospitality are intrinsically linked. Once you arrive at an Indian home, you will sometimes be adorned with a garland of flowers, which you should remove immediately as a sign of humility. When receiving a gift, it is customary not to open it in front of the giver, and when offered a gift, it is impolite to refuse it.

Shoes are often removed before entering a building. Follow the lead of your host. Feet are considered unclean, so never touch anyone else with your shoes or feet.

*Other tips & information:*



Research the market before you go, and understand the size, potential and price dynamics and how and where you want to enter it. Branding is very important. Visit the market and take time to build personal relationships - and be prepared to make follow up visits. Allow plenty of time for meetings and travelling around the market. Do not underestimate how quickly India is developing. Don't assume anything - but find a way of checking

progress without causing the other party to 'lose face'.

At street level India is a cash economy and people may claim they don't have change so try either to pay the right money or be willing to ignore people trying to earn a few more rupees. Tipping is used to get things done and less often for good service. In a restaurant 5%-10% is expected. Taxi drivers don't expect a tip, unless you are paying one to take you around all the time. Poverty and begging can cause more problems for Europeans than Indians. It is best to ignore them as if you do give money you will not be left alone. If offered the opportunity to change money, don't. It is illegal and the difference you may get is not worth it.



Airport tax is payable prior to international departure. If this was not included in your airfare then keep the correct amount of rupees available. Use bottled water for drinking and cleaning your teeth. Avoid milk and raw foods like salads and unpeeled fruit as they may have been cleaned in polluted water. Eating vegetarian dishes, boiled rice and eggs are safest.

The currency is the rupee, abbreviated to Rs. 1 rupee = 100 paise. 1 lakh = 100,000 rupees; 1 crore = 100 lakhs = 10 million rupees. All visitors need a

visa. Tourist visas available from embassies and consulates are normally valid for 90 days from date of issue.

Over 80% of Indians are Hindus and believe that their present position in life is on account of their karma or actions in past lives. Hinduism has no founder or prophet, and reincarnation is its basic tenet. Hindus live their lives in accordance with a predetermined destiny, and life is a cycle of births and rebirths. The ultimate quest is for *moksha* or liberation from the life cycle by living a pure and perfect life. Popular Hindu deities include Brahma, the creator, Vishnu, the preserver, and Shiva, the destroyer. The three are often depicted in a trinity.

Hinduism is central to life in India and permeates work, education and politics. In offices, it is common to see prayers offered to a Hindu deity. If you are setting up a new project, plant or machinery, your Indian counterpart will most likely pick an auspicious date based on astrological advice. Muslims number around 10% of the population. Christians, Sikhs, Jains, Buddhists and Bahais also have a strong religious presence.

### ***UKTI and Other Support:***

The Export Communications Review (ECR) is a heavily subsidised UKTI scheme which aims to assess your company's international communications capability and generates an action plan. It covers areas such as communications planning, translation of literature, website localization, language and culture skills, and use of interpreters. Further details, including a sample ECR and link to the online application form, can be found on [www.rln-east.com/ecr](http://www.rln-east.com/ecr).

We also recommend that you undertake the (again subsidised) Online Market Introduction Service (OMIS) through which UKTI colleagues at the British High Commission in Mumbai & other posts can undertake informed market research and establish appropriate personal introductions to potential contacts in the market. As such, it is often the first port of call for selling into India.

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