

INDIA'S BUSINESS LANDSCAPE (With Illustrative Cases of Five Major Industrial Players)

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Abstract

This paper provides insight into India's business landscape to assist managers who may be considering an entry strategy into this country. The study includes an overview of India's key attributes, which are frequently compared to those of the United States and China. These comparisons are carried out because: 1) both India and China are developing countries with the largest populations in the world, and 2) India values democracy as their foundation for growth, similar to the U.S. The overview is followed by a PESTLE (Political, Economic, Social, Technological, Legal, and Environmental) analysis of India. Subsequently, and to gain a better appreciation for specific business issues and future developments, five of the largest companies in India are reviewed to highlight their current and future strategies to succeed in this rapidly evolving competitive landscape.

Keywords: Business Landscape, PESTLE, Aggressive and Disrespectful.

Introduction

The world's largest democracy and seventh largest country geographically, India has a rich and proud culture. The U.S. Census Bureau (International Data Base) projects India will surpass China in population by year 2025. (U.S. Census Bureau, 2010) With the median age of their population at 25.3 years, India has an enormous and well-educated workforce, which provides the country with a significant competitive edge over other developing nations. (Datamonitor, June 2009) Furthermore, only 5% of India's population is over age 65, while other countries such as the U.S. and China have rates of 13% and 8% respectfully. This is an advantage for India as their competitors will most likely have higher social expenditures to support the healthcare and other needs for their elderly citizens. India enjoys an abundance of natural resources to include the fourth largest coal reserves in the world, iron ore,

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manganese, mica, bauxite, titanium ore, natural gas, diamonds, petroleum, and limestone. Their official government website brags that until 1896, India was the only source of diamonds in the world. Also, India's crop production potential is strong, with 48% of the land being arable.

The most widely spoken language in India is Hindi. However, English is the subsidiary official language and is used to conduct political, national, and commercial communications. This gives India a significant advantage over competing countries, such as China, who have not recognized English as the international language of choice for commercial activities. Moreover, the European Union (E.U.) has effectively adopted English as the second language, which further facilitates business with India.

Indian Culture-Key Concepts and Values

Religion is very important to the Indian culture. This must be respected in order to successfully conduct business in this country. The idea of Karma is still significant in business decision-making and influences the concept of time. Therefore, negotiations are never rushed and may take significantly longer than those in the U.S. Indians have a greater acceptance of hierarchy (power distance) and a prevailing sense of community and group orientation. There is also considerable lack of privacy and the concept of personal space has minor importance. It is common for several generations to live together in one house. Business communications are often indirect to avoid conflict. (Culture and Communication Skills Consultancy, 2010) Indian business people appreciate punctuality but may not practice it themselves. When making appointments, it is advisable to do so at least one month in advance. Also, schedule flexibility is a tenet for success in this country. Business appointments are ideally made for late morning or early afternoon. Deadlines are not rushed. Impatience is seen as aggressive and disrespectful.

In India, superiors and elders are respected and obeyed. Discussions are normally led by the most senior individual. Important decisions typically rest with the highest-ranking manager. It is imperative to maintain strong relationships with senior executive business leaders. Indian senior managers monitor and look after their subordinates. Self-esteem is an essential part of their culture. Therefore, any criticism must be done carefully and with sensitivity. Regardless of the well-known hierarchical system, a manager and his employee often develop a relationship similar to that of close family. This is a result of the community life practiced for hundreds of years in India. Business meetings generally begin with friendly small talk which may include personal questions, for instance, about your family. It is seen as a way of building trust and understanding before business. Because family is highly valued, showing respect and interest towards your Indian counterpart's family is essential for developing a successful rapport. Disagreement is typically not expressed directly. Furthermore, saying "no" is avoided and replaced by non-verbal cues or other indirect communication.

Indian Business Etiquette

Titles are used wherever possible, such as "Doctor" or "Professor". If an Indian counterpart does not have a title, then "Mr.", "Mrs.", or "Miss" is appropriate.

Female business colleagues are expected to initiate the greeting with a man. Also, Indian men show respect for a woman by not shaking hands with them.

Indian business people may become embarrassed if offered large or expensive gifts. However, if someone does offer a gift, they should present it with both hands. During a business meeting, any food or drink offered should be accepted or it may be perceived as offensive. Moreover, it is helpful to remember that traditional Indian cuisine includes vegetarian dishes and non-alcoholic beverages.

PESTLE Analysis

The following paragraphs present India via a PESTLE analysis (Datamonitor, June 2009). From a general business aspect, India's economic, technological, legal, and environmental landscapes are well suited for advancing and expanding commerce. However, their political and social environment is appreciably burdened with the friction with the Pakistan, which has resulted in some terrorist activities. Any foreign business considering re-location to India must keep a close watch on these developments, possibly avoiding the regions in dispute altogether, unless the business is designed specifically to remedy the problems resulting from this conflict.

Political Landscape

The political landscape is showing signs of stability, as Prime Minister Manmohan Singh and his Indian National Congress party were re-elected in 2009, which marks a first for the Indian government. Conversely, terrorism and poor relations with its neighbors continues to be a dilemma, most notably with Pakistan. The unrest with Pakistan includes fighting over the rightful claim of Kashmir, which the U.S. Central Intelligence Agency (CIA) recognizes as the world's largest and most militarized dispute over territory. (U.S. CIA, 2010)

Economic Landscape

The economic landscape is very fertile, with growth over 7% during the global recession. However, the national deficit continues to grow as expenditures are increased for items such as pay for government workers. According to the U.S. CIA, India's 2009 budget reflected revenues of \$132 billion, while expenditures topped \$216 billion. The same data base reveals that India's public debt is 57% of its GDP, which is closer to the U.S. statistic of 54% of GDP, versus China whose public debt is only 17% of GDP. Poor infrastructure is hindering India's growth, even though their average gross domestic product (GDP) growth rate was 8.4% for years 2003-2008. (Datamonitor, June 2009) The government has been slow to make the large capital investments required to improve the ports, railways, and roads to handle the flow of resources. Also exacerbating the situation, customs delays in India are twice that of other countries such as Thailand and South Korea. Bottlenecks created by slow customs clearance processes require businesses in India to maintain large inventories. Furthermore, electrical power delivery systems in India are often unreliable requiring business owners to install and frequently utilize backup power units, which are costly to acquire and operate.

India exports products such as petroleum, machinery, iron and steel, vehicles, chemicals, apparel, and precious stones. Their export partners include the United Arab Emirates (UAE), the US, and China. Import commodities include: crude oil, precious stones, machinery, fertilizer, iron and steel, and chemicals. Their import partners include China, the US, Saudi Arabia, the UAE, Australia, Germany, and Singapore. India ranks 6th in the world for its reserves of foreign exchange and gold. This factor reflects the country’s overall “dollar value for the stock of all financial assets that are available to the central monetary authority for use in meeting a country's balance of payments needs.” (U.S. CIA, 2010)

External debt is “the total public and private debt owed to nonresidents repayable in internationally accepted currencies, goods, or services.” (U.S. CIA, 2010) India is ranked 27th in the world, while the US notoriously holds first place position.

Direct foreign investments at home and abroad are valid economic indicators to compare the amount of dollars being injected into an economy from other countries, as well as the home country’s ability to make global investments. India currently ranks 24th and 25th for direct foreign investments at home and abroad, respectively. Figure 1 provides a summary of all the above economic indicators. (U.S. CIA, 2010)

Figure 1: Summary of Economic Indicators: U.S. CIA World Rankings

Economic World Rankings			
	India	China	United States
Exports	22	2	4
Imports	14	4	2
Reserves of foreign exchange and gold	6	1	17
External Debt	27	23	1
Direct Foreign Investment at home	24	11	1
Direct Foreign Investment abroad	25	15	1

Social Landscape

The major concerns for the country include: 1) establishing an effective and affordable healthcare system, 2) ensuring an adequate supply of safe drinking water, 3) controlling communicable diseases, and 4) improving the education system, specifically the literacy rates. In 2007, India ranked 128th out of 177 countries in human development. During the past decade, this ranking has declined while the economy has grown at record rates. For example, the disparity of annual earnings between those of the higher income groups and lower income groups has become more pronounced over the recent years. Also, regional differences in development are becoming more salient. Specific indicators for lack of human development include the following facts from the U.S. CIA.

- India ranks 2nd in the world for deaths associated with HIV/ AIDs.
- India ranks 53rd in the world for the highest infant mortality rate, compared to the U.S. and China which rank 178th and 114th respectively.
- India ranks 160th in the world for life expectancy at birth (66.46 years), versus the 49th ranked U.S. (78.24 years) and 94th ranked China (74.51 years).

India also ranks 142nd in the world for GDP expenditure on education by investing only 3.2% toward these programs. This fact, along with their low literacy rates of 61% total (73% male, 48% female), places India at a significant disadvantage with other developed and developing countries. For instance, the U.S. literacy rate is 99% for both male and female, while China's statistics show 92% overall rate, with 96% men and 88% women. This data reveals two major problems for India: 1) over 400 million citizens are unable to communicate effectively and 2) unfair and unequal opportunities for women.

Technological Landscape

India's technological landscape is a driving force in the success of the nation. The demands for research and development continue to outpace the number of qualified graduates with science and engineering degrees. Furthermore, the government's strategic plan gives priority to expanding R&D in universities and increasing opportunities in the scientific fields of study. With a gross expenditure on research and development (GERD) at less than 1%, India is in last place compared to the other BRIC (Brazil, Russia, India, China) countries. However, low costs and strong support via progressive legislation makes India a great place to invest in R&D. Furthermore, over 3 million technical and scientific professionals reside in India, with universities producing 50,000 computer science and 360,000 engineering graduates each year.

Effective national transportation systems are essential to conducting commerce. The table in *Figure 2* below provides world rankings based on quantitative measures, i.e. how many airports, total length of roads, railways, waterways, and number of marine vessels. (U.S. CIA, 2010) The waterways and merchant marine statistics appear to support the fact that China is the world's second leading exporter, with the E.U. in first place. Although this data infers that India's transportation system is quite massive, as mentioned earlier, significant improvements are needed to repair and improve these vital networks.

Figure 2: Comparison of U.S. CIA World Rankings for Transportation Systems.

World Rankings in Transportation Systems (Quantity)			
	India	United States	China
Airports	23	1	15
Railways	4	1	3
Roadways	3	1	2
Waterways	9	4	1
Merchant Marine	29	26	3

Legal Landscape

India's legal system is very comprehensive, with taxation policies that encourage foreign direct investment. The judicial system is fair, equitable, and transparent by design. However, lack of resources and inefficient processes has caused a massive backlog in cases, which undermines India's credibility on a global stage. Furthermore, the country continues to rank high on corruption and displays a

lack of will to counter this trend, as most political battles are focused on religion and the caste system.

Environmental Landscape

India's current environmental protection policies are wide-ranging and adequate to meet the intended goals. However, there has been little improvement, and arguably a decline in some areas, due to slow implementation and lack of enforcement. The primary challenge centers on trying to balance sustained economic growth and environmental impact. Depleting water resources as the population continues to grow continues to be a primary concern. Also, India's dependence on coal for thermal energy is causing widespread problems to include air pollution and the corrosive effects of acid rain. Many of India's major cities contain particulate levels considered unsafe by the World Health Organization (WHO). It is crucial for India to skillfully manage the tradeoffs between expansion and the environment as they move forward.

Analysis of Five Significant Indian Companies

The following is an analysis of five of the largest companies in India representing the financial, steel, telecommunications, oil, and power generation industries. The purpose is to provide insight into the strategies of these dominate organizations so that a business manager may discover opportunities which are aligned with the goals of his venture.

National Thermal Power Corporation (NTPC)

NTPC is India's largest thermal power generating company. Its core business is power generation. NTPC is also involved in the design and building of electrical power generating plants. The company provides global consulting services for power plant construction and power generation. Headquartered in Delhi, NTPC employs over 23,000 people. (Data monitor, 2010)

A nationalized company, the government of India owns about 89% of the equity shares. NTPC operates 15 coal-based and seven gas-based power plants. Oil is used as an alternate fuel for its coal-fired power plants. Naphtha is a secondary fuel in the gas-fired plants. The company is also diversified into hydro-power, power equipment manufacturing, coal mining, oil and gas exploration, power distribution, and power trading. In 2011, NTPC was chosen by Business world as the most respected company in the Indian power segment. In 2009, the company ranked 317th in the Forbes Global 2000th listing of world's biggest companies. NTPC ranks 4th in Asian utilities and in 2010 it was named a Maharatna company (a designation by the government to help companies expand and become global players) (Data monitor 2010).

A center for energy research and development was established by NTPC with plans to make it a world renowned research institute (Data monitor 2010).

NTPC SWOT Analysis

NTPC has a solid market position and is well integrated into India's power systems. The company has excellent research and development capabilities. They also have a proven operational track record and their credit ratings are strong. However, transmission and distribution systems are owned by third parties, which present a considerable risk for NTPC. The state utilities own and operate the state grids and

Power grid Corporation owns the inter-state transmission links. This means NTPC does not control the electricity from its generators to its customers.

Furthermore, the company is overly dependent on coal for a fuel source. 86% of the power generated was from coal-fired generators. Due to environmental concerns and the increased availability of natural gas, coal generated power, with its higher emissions, has become a liability for the company (Data monitor 2010).

As for opportunities, NTPC would benefit from diversifying into coal mining, power trading, liquefied natural gas, and distribution. Also, they are studying the feasibility of global alliances and joint ventures in the Middle East, Africa, and Asia-Pacific. Furthermore, they could create innovative renewable energy sources which produce power with no greenhouse emissions. NTPC and Gujarat Power Corporation are developing solar power generation from both solar thermal technology and solar PV technology. The Asian Development Bank and Kyushu, along with NTPC, have agreed to develop products dealing with renewable power generation. The development of wind and hydroelectric power could also lead to other power resources (Data monitor 2010).

NTPC announced in August 2011 its plans to develop the Siang Upper project, a hydropower plant that would be India's largest producer of electricity. However, the local population in Arunachal Pradesh is concerned about flooding, the effect on farming in the region, and the lack of displacement compensation. Discussions continue between the state and NTPC (Energy and Utilities Infrastructure). The supply of power in India is ripe for rapid growth and expansion - 600 million Indians have no access to electricity (Data monitor 2010).

Threats include competition from companies that are less dependent on coal. Also, environmental regulations, if enforced, could force NTPC to pay fines due to the emissions from the coal-fired plants. Finally, state and central government regulations which increase taxes and mandate new processes could hurt the company's bottom line. The government's Electricity Act 2003 has opened up the country for increased power development and also enhanced investments. Private companies are investing in the competitive environment of energy production which could produce significant price and margin pressure on the industry (Data monitor 2010). In response, NTPC has proposed a purchase of 3000 acres in Orissa to build a 4800 MW super thermal power plant in the Sundergarh district and has also begun plans to build a 3200 MW plant in the Dhenkanal district (Business Standard 2012).

From this concise SWOT analysis, it would seem reasonable to advise a foreign company to consider a solar and/or wind power generation venture with NTPC to develop renewable energy sources. The government of India is formally committed to improve the natural environment, which would include converting from coal-fired energy production to solar and wind systems.

ICICI Bank

ICICI is a financial services company providing a diversified portfolio of financial services to include retail banking, corporate finance, and insurance. The

company operates primarily in India, but has offices in the UK, Russia, and Canada. (Data monitor, 2010)

ICICI SWOT Analysis

ICICI Bank is very strong. Most notably, they are the leader in private sector banking in India, as they provide more retail credit than any other institution in the country. ICIC is also the 2nd largest bank by total assets which now top \$91 billion (Fortune 2011). The company has strong brand name recognition which gives it a competitive advantage over its peers. Furthermore, the company expanded their commercial segment internationally, focusing mainly on serving Indian companies in their expansion in foreign countries, and financing foreign companies venturing into India. In 2010, the Monetary Authority of Singapore granted ICICI a full banking license, permitting up to 25 business locations in Singapore, offer retail banking operations, Asia-Pacific region corporation loans, and providing support to the Singapore and the Association of Southeast Asian Nation's expanded business trade (Data monitor 2010).

ICICI has recently initiated an international focus on developing a customer base comprised of those of Indian origin. The bank has established branches in 18 countries and has 25% of the market share for investments returning to India. (Data monitor 2010).

India's rural population is estimated to have no access to formal lending in 80% of the households. Some unregulated money lenders in the rural areas charge interest rates up to 50% (Data monitor 2010).

ICICI has become a direct provider to the rural poor, estimated at more than 700 million people. The bank has started a network of self-help groups comprised of approximately 20 women. Each village's group receives training about savings, lending, and banking practices. After one year, members of the group can apply for small loans from ICICI and although the bank charges 18% interest, the rate is much lower than the money lenders from the area. Eight thousand self-help groups have been established since 2001(FPP 2011). ICICI is also enabling Indians to buy crop inputs through a loan program for farmers. When the farmer sells his crops, the loan is paid off. (FPP 2011).

Since the rural population makes up almost two-thirds of the population in India, this market has great potential for ICICI. In 2009, India opened the banking sector to foreign banks (Data monitor). As the banking industry in India becomes increasingly more competitive, these national and international expansion efforts will help increase ICICI's profitability. The insurance industry in India is expected to grow significantly in the next decade as India's middle class continues to expand, (estimated to be growing at close to 20 million a year) (Fortune 2011). Insurance rates have fallen due to data rifting which in turn has increased growth in the industry.

ICICI Prudential Life Insurance Company, largely consisting of pension and unit-linked life insurance, also provides financial security to the rural community with their micro insurance services. These services have allowed the rural poor to take advantage of credit facilities in their efforts to secure loans for income producing enterprises. The ICICI Lombard General Insurance Company provides health,

weather, and other non-life insurance products (Data monitor 2010). However, ICICI Bank has two salient weaknesses. First, domestic operations produced roughly 92.5% of their revenues in 2009. This heavy dependence on domestic business must be reduced. Second, the total of non-performing loans in their retail portfolio has increased more than 29% in one year ending in FY2009.

In 2009, Chanda Kochlar, ICICI's CEO, focused the bank toward retail deposits. ICICI's current and savings deposit accounts, 27% of total deposits before the banking crisis, are now at 42%. She has also been responsible for increasing the bank branches from 755 in 2007 to over 2000 by the end of 2010 (Economist 2010).

On a positive note, the rural market of India presents a great opportunity for the banking sector. Industry analysts estimate that 80% of rural households do not have access to formal lending. To secure credit, many of these residents pursue unregulated lenders, which charge astronomical interest rates. ICICI is planning to implement a strategy to reach out to rural customers through joint ventures with micro-finance institutions. As for threats, recently passed banking regulations have removed restrictions and opened up the Indian market to foreign banks. This move has dramatically increased the competition in this industry and is a considerable threat to ICICI Bank. Considering this SWOT analysis, a foreign company would be wise to consider a partnership with ICICI Bank to offer micro-loans to the rural community of India. The new regulations have made it easier to enter this industry and ICICI Bank is searching for small institutions to implement their rural strategy.

Bharti Airtel

Bharti Airtel is a leader in telecommunications services, operating primarily in India and Sri Lanka. They offer broadband, mobile, wire line, premium television, and voice over internet protocol (VOIP) services. The company provides services for both retail and wholesale carrier customers and employs over 18,000 people. They served 152.5 million mobile phone and 2.7 telemedia customers in FY 2010. (Datamonitor, 2010)

Bharti Airtel SWOT

Bharti Airtel is well-integrated into the Indian telecom delivery infrastructure. This is their best strength. Furthermore, they operate and control every critical aspect of their processes, eliminating dependence on third party providers. Therefore, they are able to efficiently offer conveniently bundled packages, such as mobile, broadband, pay TV, and wire line services at competitive prices. In 2002, the company changed its focus to gross profit and went after the entire country. This shift away from average revenue per user was top management's strategy to generate large revenues from many users. They also used IBM as an outsource for their IT services, and negotiated with Ericsson and Nokia to pay for a unit of telecom capacity instead of paying for the equipment used to make the units. By working with SKS (the largest microfinance institution in India), Bharti Airtel was able to enter the rural market. Customers get loans for their Nokia phones. The company also teamed up with Vodafone and Idea, service providers, to share infrastructure costs and reduce all three company's investment shares. Bharti Airtel

charges 1 cent per minute making it the world's cheapest mobile phone service and yet reported \$7.25 billion revenues in 2008. (Harvard Business Review 2010).

Mobile commerce services is another growth avenue and in January of 2011, Airtel and the State Bank of India agreed to offer banking services to the large segment of the population that have not used banks. This will enable Airtel to grow its customer base by offering banking products and services to that market segment (Data monitor 2010).

Unfortunately, due to intense competition, the company's average revenue per user (ARPU) has declined steadily over the past three years. A significant weakness, their future success will depend heavily on gaining new customers as the ARPU is expected to fall as more competition enters the market. Airtel falls behind other global telecommunication companies based on revenue and geographic coverage but its strong brand provides the opportunity for the company to enter new markets and increase customer loyalty. The introduction of 3G services should also increase subscriber numbers as well as increase revenues. (Data monitor 2010). On a high note, low penetration rates in India for mobile and broadband services indicate a great opportunity for the company to grow in the coming years. The Indian government is expecting the number of telecom and broadband customers to nearly double by 2015, which is being driven by urbanization, increasing income levels and a huge young adult population. Threats include the ever-increasing competition fighting for the telecom market share and new government regulations which pose a significant threat to the company. These new regulations include mandates for customer service which drastically reduce the time to solve customer billing complaints and lower acceptable call drop rates from 3% to 2%.

From this brief SWOT analysis, one could consider tapping into the projected growth in mobile and broadband use in India by providing Bharti Airtel customers with end user devices such as mobile phones, computers, and televisions. Also, with the exponential growth in mobile device sales, an entrepreneur might do well offering a cell phone recycling service in India to promote their environmental initiatives.

Indian Oil Corporation

Indian Oil Corporation (IOC) is the world's 18th largest oil company. The largest downstream petroleum corporation in India, IOC provides products through a network of sales terminals, bulk storage depots, aviation fuel stations, and liquid propane gas (LPG) bottling plants. The company is involved in refining, establishing and maintaining crude oil pipelines, marketing, and research and development. They own and operate 50% of India's refineries. IOC operates primarily in India, but also conducts business on a limited scale in Asian and African countries. The company headquarters is located in New Delhi. IOC employs roughly 34,000 people. (Datamonitor, 2010)

Indian Oil Corporation SWOT Analysis

IOC has a very strong market position, as they lead all other Indian oil companies in sales. They are ranked 105th on the Global Fortune 500 list, up 11 places from the previous year. The company operates the largest network of gas and diesel fueling stations in India. IOC controls 71% of India's downstream pipeline network, 48% of India's petroleum products market, and 63% of the nation's aviation fuel business. This leading market position and stellar brand image give IOC a competitive edge.

However, with more than 80% of their crude oil requirement imported from other companies, IOC is exposed to high risk from fluctuating prices. Although they have 21 exploration ventures world-wide, these operations are not yet producing the flow rates to meet the company's strategic goals. Also, the money spent on these ventures has weakened IOC's overall cash position, which could adversely affect investor's confidence.

As for opportunities, IOC is considering partnerships with various companies world-wide, to include the U.S., to produce bio-diesel fuel on a massive scale. An eco-friendly product, this innovative approach is a great opportunity for IOC to promote India's strategy for a cleaner environment. PA in Florida and IOC signed an agreement in 2009 to collaborate on a project which would produce biodiesel from micro-algae. Future plans include a commercial production facility for bio-diesel and a feedstock byproduct. IOC also entered into agreements and collaboration efforts with Ruchi Soya Industries and Honeywell in 2010 for research, development, and production of bio-diesel projects (Data monitor 2011).

IOC is working to sustain its growth by reducing its business's carbon footprint by 25%. By using alternative energy sources, such as bio-diesel, the company will enhance their product portfolio and strengthen their position in the market. (Data monitor 2011).

IOC's foray into the *Jatropha* bio fuel crop has been controversial. Much of *Jatropha* grows on common property used by the rural population where people rely on the wasteland for firewood and animal grazing. Some scientists question the feasibility of using *Jatropha* in bio-diesel production citing some instances of *Jatropha* seedlings not producing any fruit in three years (Yadugiri). Regarding threats, deregulation in India's downstream segment has resulted in a significant increase in competition. The increased competition could result in price pressures and declining margins. Moreover, as additional players compete for real estate to establish new gas stations, IOC could experience difficulty expanding in this segment. This abbreviated SWOT analysis reveals that one might consider establishing a business in India that would provide support to IOC's plan to produce bio-diesel fuel. This venture will likely receive high support, even financial subsidies, from the government because it is aligned with India's strategy to reduce carbon emissions and improve the overall health of the planet.

Tata Steel Group

Tata Steel Group manufactures and distributes steel and steel related products. It is one of the largest steel companies in India. The company operates in Australia, Europe, and various regions in Asia. With headquarters located in Mumbai, Tata Steel Group employs roughly 86,000 people. (Data monitor, 2010)

Tata Steel Group SWOT Analysis

Tata Steel Group maintains a very strong global market position. It is the 6th largest steel company in the world, with operations in 26 countries and commercial activities in 50 countries, which also makes it the 2nd most geographically diversified steel producer in the world. It began as Asia's first steel plant and blossomed into India's largest private sector steel company. In recent years, Tata has been working to match international

standards. Since 1994, Tata Steel has cut its workforce in half, from 78,000 to 30,000, yet doubled its output (Economist 2011).

Regrettably, Tata Steel Group imports 75% of its raw materials, which puts the company at high risk due to price volatility, especially from Europe. Their long term strategic plan includes decreasing this dependency to 50%. Regarding opportunities, expanding in India is a key strategy for the company. Their plans include constructing a new blast furnace, as well as developing new mining activities for iron ore and coal. The company is also considering joint ventures to establish mining operations.

Tata Steel Group operations are subject to broad regulatory requirements relating to environmental protection, occupational safety and health, and industrial waste. With increasing awareness of global warming, regulatory policies have been constantly tightening to meet the Kyoto Protocol, which calls for an annual 5% reduction of greenhouse gas emissions. Also, the government can impose fines for pollution and charge large fees for environmental cleanups. Therefore, as environmental regulations increase, so does the cost for compliance.

From this abridged SWOT analysis, one could consider establishing a consulting service to provide analyses and recommendations for Tata Steel Group to create synergy with NTPC, who also requires massive amounts of coal to conduct business. As NTPC converts to a cleaner method of generating power, their demand for coal will decrease. Since they are a coal mining company as well, NTPC could supply Tata Steel with this raw material. Furthermore, NTPC and Tata Steel could work together, sharing their R&D resources, to create a cleaner way to burn coal to reduce greenhouse gas emissions.

Conclusion

India offers a landscape of abundant opportunities. The nation is firmly rooted in democracy, with a government that promotes and supports private sector business. India's economy continues to grow at a very healthy rate, even as the global economy is experiencing a recession. Their legal framework, although overburdened, is relatively fair and just. Technology is a cornerstone for both their economy and culture. And, although the government has been slow to act on environmental issues, they are recently displaying resolve in pursuing strategies that are good for both India's natural environment, as well as the world. The country hosts some of the biggest and most successful companies in the world in industries that include financial, telecom, steel production, electrical power generation, and petroleum. Therefore, if any company is looking to expand globally, India should be one of the first considerations.

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