



The best route for global business expansion in India



The idea of starting a business in India is observed to be a profitable one from various aspects.

India is one of the best countries to expand your business internationally!

Before thinking of starting any business, a clear understanding of the location of doing business, its market, the culture of work, and the benefits to your business is necessary. It is also important to know which route to be adopted to kickstart a business. We will be doing exactly that through this blog!

Keep reading as we will take you through how India has become a dream destination for business expansion. We will also make you aware of the business models which can be used by small and medium-sized enterprises (SMEs) for establishing the business in India.

Indian culture

India is always known for its heritage and traditions. It is one of the oldest civilizations that harbors a unique and complex diversity, that gracefully embraces change and growth. When we say India, the beautiful Taj Mahal, and the serene Bay of Bengal come to our mind. But as we explore more, we see that India offers a kaleidoscopic variety not just in culture but also in art, spirituality, philosophy, and trade. Twenty-seven states of India have their dance forms, music, craft, cuisine, and languages, making India the perfect marketplace of South Asia.

As of today, India is the second-most populous country. It is one of the fastest-growing economies in the world and is showing all-rounded progress since its independence. India's development can be seen from its research, education system, space programs, technological advancements, and trade activities.

India is catching up with other developed countries and creating better work and employment opportunities. Be it work-life balance, work environment, or relationship with other employees, India is always providing a relaxed, productive, and progressive working culture for every employee in India.

Coming to the business ethos of India, the government has played a key role in empowering various industries and sectors. These emerging industries in India, offer tremendous growth opportunities for small and medium-sized businesses (SMEs).

Government initiatives for business development in India

The government of India is playing an important role in empowering businesses in India. It is constantly inculcating new programs and initiatives for growing business opportunities in every city and state in the country.

For instance, the government of India is leading by developing mobile-friendly websites and apps for citizens, giving a push to the 'mobile-first' mindset. This has inspired every business to make a shift towards using online platforms with a mobile-focused approach, making Indian customers and businesses tech savvy.

The government has launched the National Broadband Mission for providing broadband access to all villages by 2022. You may have also heard about the widely promoted 'Make In India' initiative. It is designed to transform India into a global manufacturing hub. The government's India Innovation Growth Programme 2.0 (IIGP), Startup India along with Make in India programs are enhancing the tech skills of the population of India and encouraging young entrepreneurs and inventors to foster innovation.

In addition, India has set a goal of developing 10 Million future-ready tech professionals through the Ministry of Education's Digital Skilling program where it has designed apprenticeship programs in private partnerships with private sector corporates in 72 different areas including Artificial Intelligence, Cloud Computing, and Cybersecurity. In fact, the program '[Digital India](#)' introduced by the government has given a solid boost to digitization in India. It has motivated many companies to function remotely and transform their ways of doing business. This proved to be helpful for companies to flourish their business, especially in tough times such as the COVID-19 pandemic.

The government digital platform, CoWIN is a shining example. It is a digital application used extensively for obtaining information regarding vaccine drives during the COVID-19 pandemic.

SahiPay is another digital platform that aims to provide easy access to insurance services. It has pushed the Fintech industry revolution further, by giving doorstep services for banking, insurance, mutual funds, EMI collection, and travel booking.

To understand and appreciate new India better, it is important to note its economic growth in recent years.

Economic changes in India

The Indian economy has the distinction of being one of the fastest-growing economies in the world. Political stability after 2014, liberalization and progressive business policy have unleashed the growth of the Indian economy.

As per the Reserve Bank of India, [the economic growth rate for 2022-23](#) is projected to be at 7.8%. India is currently a middle-income country and is the world's fifth-largest economy.

According to the EY-FICCI (The Ernst & Young and Federation of Indian Chambers of Commerce and Industry) report, the GDP ratio is expected to reach 0.4% by 2025 from 0.38% in 2019.

The service and industrial sectors account for 54% and 18% respectively, of the country's GDP. India is trying to recover from the hit it took during the pandemic and has also retained its position as the third-largest in the world in terms of purchasing power parity (PPP).

Emerging businesses sectors In India

Increasing investments by the government, greater political stability, growing consumer demand, increase the flow of FDIs, and constantly improving business trends are pushing India to explore and expand various business sectors.

India is now a business powerhouse for entertainment, pharmaceuticals, healthcare services, education, agriculture, logistics, Information technology, telecommunication, textile, and infrastructure. In recent years, India has shown huge development in fields such as space technology, entertainment, and even trade. A closer look at these emerging industries in India provides a better picture.

Information Technology

India is known globally to have a technologically driven knowledge economy due to its Information Technology (IT) industry. The IT industry plays an important role in enhancing the productivity of almost every other country sector. Over the last decade, India has become an IT hub for many software companies across the world. It is now known as the world's largest sourcing destination for the IT industry. The growth of the IT and business service market in India is projected to reach \$19.93 billion, by 2025.

Telecommunication

The Indian telecom industry has grown at a rapid pace post-liberalization. New technology such as Wi-max, Virtual Private Network (VPN), and data services have been instrumental in enhancing business in the IT and BPO sectors. It is estimated that over the next few years, the rising use of mobile phones and reduction in data costs will add 500 million new internet users approximately, thereby creating various new business opportunities in India. Additionally, by 2025, India will start to have 5G-centric technologies such as robotics, cloud computing, AI, etc.

Entertainment

The entertainment industry in India has grown out of its black-and-white era and entered multiplex and Over-The-Top (OTT) platforms such as Netflix, Amazon Prime, etc. This is because of the advances in virtual reality and the use of 3D and special effects by developers. This has also provided new business opportunities to ancillary sectors such as dubbing, recording studios, animation, cinematography, and other content-creating options.

Aerospace and Defense

India is the third largest military spender. It is also known to have the second largest armed force in the world. India is revolutionizing its defense sector, by empowering startups and research projects. The government has also designed a few schemes such as DTIS (Defence Testing Infrastructure Scheme) and iDEX (innovations for Defence Excellence) to uplift the defense and private sectors.

Commercial space sector

India's commercial space stands out as one of the most promising business sectors in the world. India's space program, ISRO (Indian Space Research Organization), is the sixth largest space agency in the world, harboring a large fleet of remote sensing and communication satellites. India's space sector has earned worldwide recognition for its successful Mars mission lunar probes and for launching 104 satellites in one mission for fraction of the cost of western nations.

Fintech India

Fintech or BFSI (Banking, financial services, and insurance) has revolutionized the way financial services are provided in India. The fintech startup ecosystem saw a huge capital inflow to reach \$4.6 billion funding across 160 deals in the first half of 2020. Fintech is also bringing in newer trends in various industries. In addition, government financial initiatives such as Jan Dhan Yojana and India Stack are accelerating the digital revolution even in rural parts of the country.

Textile

India is now among the world's largest producers and consumers of cotton. As per the Ministry of Textiles, India recorded its highest-ever textile and apparel exports of \$44.4 billion, in the financial year 2021-22. Availability of raw materials and skilled manpower, increasing domestic market, and the rise of e-commerce are a few growth drivers of the textile industry in India.

Agriculture

The agricultural sector is a major source of employment for India's population and hence proves to be an important driving factor of the Indian economy. The agriculture sector accounts for 28% of the country's GDP. The increasing adoption of drones, remote sensing technologies, and advanced irrigation systems have provided a boost to the agricultural market in India.

Trade routes of India

India is constantly exploring overseas markets to develop new business opportunities. The Department of Commerce has strategized various policies and procedures for the expansion

of trade and export services.

You will find it interesting to know that Indian export is not limited to spices and cotton, but has crossed all barriers and become a major exporter of electronics and electrical equipment, pharmaceutical products, AI technology, vehicles, and various software services.

As of 2020, India is at number 18 in total exports and is also the world's largest exporter of diamonds. It has also established markets in countries such as the U.S, Singapore, China, the Netherlands, Australia, Turkey, and so on. For more in-depth information regarding India's top trade partners, refer to the [Observatory of Economic Complexity](#). It also provides information regarding the import and export evaluation of India.

Service exports have taken a large leap in recent years. The IT and Information Technology Enabled Services (ITES) are contributing almost 50% of India's total export services. The service exports scaled up to \$148.3 billion in the year 2020-21. This growth was despite the effect of COVID-19 pandemic on India's travel, tourism, aviation, and hospitality sectors.

The new-age digital business in India

With the availability of smartphones and high-speed Internet connectivity, India is on its way to becoming a digitally advanced country. Emerging technologies such as Artificial Intelligence (AI), Cloud, and autonomous systems have caused a rapid digital transformation and led to business expansion in India.

This transformation has helped in the development of various sectors. For instance, in the healthcare sector, the development of teleconsultation and telemedicine has made it easy to provide healthcare services in remote and rural areas of India.

The use of advanced banking applications and websites has made it easy to perform online transactions at any time of the day through smartphones and tablets. UPI payment options like PhonePe, Google Pay, and BHIM have saved our time and efforts. The time when we stood in lines for paying our bills has definitely ended!

Digital payments are used frequently for purchasing entertainment and sports tickets.

Moreover, digitization has led to the growth of e-commerce and therefore led to global business expansion in India. You name any brand for buying any product, from merchandise, jewelry, footwear, and other accessories to furniture and housing appliances. You search for it and it's available on every digital platform.

There are many startup ideas that took the digital route and developed successful business models. There are 105 Indian startups that have already made it to the unicorn club as of July 2022.

One such startup example is Dream11, a fantasy sports platform founded in 2008. The company is developed to let customers play fantasy sports such as hockey, cricket, football, and many more. It has raised over \$400 million and became the first Indian fantasy sports platform to enter the unicorn list in 2019.

India as a business destination for all

India has an open economy and hence provides many investment opportunities for FDI in many sectors. As per United Nations Conference on Trade and Development (UNCTAD), India scaled up to the 7th position for Foreign Direct Investment (FDI) in the world. India has also jumped 14 places and landed in 63rd position on the World Bank's [Doing Business 2020](#) study.

The ease of doing business in India and its advantages for SME

For many years, India is considered one of the most profitable destinations for testing business. Factors like digital advancements, adapting to remote working, and the high availability of a skilled and educated workforce have encouraged various business enthusiasts to establish their businesses in India. A few examples of such companies are Procter & Gamble (P&G), Sony Corporation, Nike, CITI Group, Amazon, Uber, Unilever, and Google. The ease of doing business in India can be best understood by the success story of Google Pay.

Google Pay, was initially designed as a Google wallet. It was launched in India as Tez app in September 2017 and later rebranded to Google Pay in August 2018. Within a year from its debut, Google Pay was being used by more than 22 million people and businesses every month and recorded transactions worth over \$30 Billion.

Sundar Pichai, the CEO of Google, said that the debut of Google Pay in the Indian market has been instrumental in understanding how to revamp its digital payment model globally. As of 2021, using the India model, Google Pay was launched in 42 countries worldwide. In addition, with the rising number of online payments and UPI transactions, the Indian economy is known as one of the leading innovators in digital finance.

It is now clear, how India offers an attractive market for testing foreign businesses. So how can you establish your business in India? What are the different business models being used to expand your business in India?

There are multiple options available for you. At the end of this blog, we have shared the evolution of business models and also an emerging business model, International PEO/EOR.

Remote hiring, a new way of conducting business in India

India offers a large pool of English speaking population that is well versed with technology. It is also a favorable workplace due to employee benefits and employee-friendly work policies. India's work culture is constantly evolving and developing as per requirement. For Instance, during the COVID-19 pandemic, employees of India adapted to remote working.

Now, well into the pandemic, employees were able to set a precise workflow by using online portals and tools like Zoom meetings. Companies in India have also gotten accustomed to remote hiring and onboarding. If this interests you then please, refer to our blog [Building remote teams in India](#). It will give you a comprehensive overview of everything you need to know about hiring remote employees in India.

Evolution of business models in India

For many years, the conventional way of expanding your business in India was by either directly set up an entity or through outsourcing. These were the ideal options many foreign companies used for doing business in India.

For instance, International Business Machines (IBM) company, re-entered India in 1987. Since then, it has expanded its operations by setting up offices in different cities and states of India. Uber is another notable example that expanded its business operations in India. It entered India in 2013 and has been constantly growing in the ride-sharing space. It has now become one of the most valuable startups in the world.

Recently, India has witnessed tremendous change and transition in ways of conducting business. It has now evolved from franchising, e-commerce, outsourcing, subsidiary formation, and freelancing options to newer models such as International PEO services or EOR and remote hiring.

From our experience at Remunance, we can see that most of the startups and SMEs are making the best use of these new models to build their remote teams in India. SMEs from more than 16 countries have taken this quick and cost-effective path to build remote teams of various sizes ranging from anywhere between 4 to 50 employees. These new business models will definitely change the way business is conducted by tapping into the Indian workforce.

How an International PEO/EOR works?

[Professional Employer Organization in India](#) or EOR in India provides services to foreign companies who wish to establish their business in India. These services are a better alternative to outsourcing. This is because PEO/EOR handles all the legalities and compliance issues that are usually faced while outsourcing.

To know more about how PEO services are a better option for entering the Indian market, refer to our blog [PEO..better alternative to outsourcing](#)

International PEO/EOR is by far the best option for any small and medium business who wishes to test the Indian market. The PEO/EOR company will be the legal employer in India, for foreign companies and take care of all the HR services including employee recruitment and training, employee benefits, and payroll.

How Remunance helps in expanding your business in India

Every business is different and therefore needs tailor-made business strategies to align with your goals. [Remunance](#)'s PEO/EOR services, will do exactly the same and provide you with a unique basket of services that suit your business needs!

Remunance understands the Indian market and its trends. With our technologically advanced and transparent solutions, we can help you get started in no time!

Remunance will provide you with comprehensive solutions and streamline your entire journey of establishing your remote team in India.

[Click here](#) to learn more about Remunance services and how we can help you.