**Challenges of doing business in India**

**Indians in Overseas should invest in India**

India is going through a period of unprecedented economic liberation, opening its vast consumer base to international firms. However, it is a notoriously difficult place to do business, and having local help on board is the key to unlocking  the country’s vast economic potential.

India is an enormous country with vast economic potential, but traversing the diverse and complicated corporate landscape can be a daunting task without the right help on board.

Not only is India one of the fastest growing countries in the world, it is also going through a period of unprecedented economic liberation, granting overseas investors more access to its vast and varied market than ever. A large, young population and a strong export sector await expanding businesses, with a potential consumer base that far outstrips most other nations in the developed and developing world.

Political stability and broad consensus on reforms is also a big pull for expanding companies, and the well developed banking system and vibrant capital market highlight the maturity of its financial system. But doing business in India can still be a troublesome endeavour, and having local help can really make the difference to the success of your venture.

**1. Starting a Business**
The cost of starting a business in India is astronomical, and the procedures involved can be daunting without local knowledge. There are 12 procedures to complete in the initial set up of a business costing 49.8% of income per capita. It takes almost a month (27 days) to complete the tasks on average, which is well above the OECD average of 12 days.

**2. Dealing with Construction Permits**
Construction permits are also a costly pursuit, involving 34 procedures and taking 196 days. Obtaining Intimation of Disapproval from the Building Proposal Office and paying fees takes around a month, and NOCs must be sought from the Tree Authority, the Storm Water and Drain Department, the Sewerage Department, the Electric Department, the Environmental Department, the Traffic & Coordination Department and the CFO.

**3. Getting Electricity**
The cost of getting electricity is relatively cheap in comparison to the rest of South Asia, but the number of procedures involved can be rather daunting. What’s more, each procedure is in itself quite time constraining, taking around eight days to receive an external site inspection and three weeks to get externally connected, have a meter installed and conduct a test installation.

**4. Registering Property**
Registering a property requires quite a bit of legwork and can also incur substantial charges. Stamp duty of 5% of the property and a 1% charge on the market value of the property incurred at the Sub-Registrar of Assurances are the two fees to look out for, although the lawyer charges and fees at the Land & Survey Office can also pinch.

**5. Getting Credit**
India performs the best of all South Asian economies for ease of getting credit, ranking 23rd in the world according to the World Bank and International Finance Corporation. The 2013 report this to when a “unified collateral registry, which is centralised geographically, became operational in India strengthening access to credit and the secured transaction regime”.

**6. Protecting Investors and enforcing contracts**
The concept of investor protection is one that has garnered a lot of attention of late, and new bodies such as the Securities and Exchange Board of India (SEBI) have been set up to that effect. Enforcing contracts will also be an area that must be looked at; India ranks as one of the worst countries in the world for the ability to enforce a contract, taking an average of 1,420 days.

**7. Paying Taxes**
Businesses operating in India are required to make 33 tax payments a year, taking 243 hours’ worth of attention. The headline corporation tax rate stands at 30%, but companies can also incur charges in the form of a central sales tax, dividend tax, property tax, fuel tax, vehicle tax, VAT and excise duty.

**8. Trading Across Borders**
Despite India opening its borders to international trade, there are still several hurdles to overcome when importing and exporting goods. Several layers of bureaucracy make it very challenging to move goods efficiently, and companies must file a long list of documents before moving goods across borders.

**9. Resolving Insolvency**
It takes 4.3 years to resolve insolvency in India, far longer than the South Asian and OECD average. The laborious court system can often slow business relations.

**10. Culture**
India is a cultural hotbed, and business is more about building relations than presenting figures and sums. The polychronic culture can be difficult to adapt to for outsiders, and due diligence into the destination is important before travelling.

### [Why Indians in Overseas should invest in India](https://investmentopportunitiesinindia.wordpress.com/2012/01/19/why-indians-in-overseas-should-invest-in-india/)

There are some great reasons why Indians in overseas can safely invest in India.

1. The size of this huge country occupies the 8th place among the other large economies of the world. The fields of investments and their opportunities are extremely varied and promising for every investor.

2. The growth of the economy is at a tremendous pace in all categories whether it is education, industry or art and culture, it is expected to grow five times in the coming twenty years which is attracting investors from around the globe.

3. Diversity in the investment arena is another very important reason why Indians in overseas can safely invest in India. There is a wide range of choices for investments like pharmaceuticals, consumer products, agriculture and energy, education and property. The service sectors too are strong as in IT and software services. It has been proved that besides export of resources and commodities, there are other means also for the rapid development of an economy.

4. In spite of being one of the youngest countries of the world, India has a high standard of education, high grade skills in the English language, enterpreneurial culture and her democracy will take her to the top in the global market.

5. The savings rate of India is about 37% that contributes to the requirements of the various investment sectors. But to upgrade the feeble infrastructure of the country the Indian government is taking intense measures for encouraging foreign and private [**investment India**](http://www.oifc.in/).

6. The private sector has been a great force in the growth of the economy of India. Every sector is playing a vital role to build up a booming market that will be less affected by external pressures.

7. India has a strong financial sector. It is highly diversified and is well regulated to stand against all kinds of financial crisis. It has maintained a high standard, transparency and resilience. The banking sector of India is extremely strong and possesses a commendable standard of balance sheets. Well-built corporate governance and highest levels of competition has taken the Indian economy to the top most position in the world market.

The quality of Indian market in terms of stock exchange is indeed promising. The environment is well governed and the stock market is said to have generated over 15% returns in the past years and is expected to flourish more. Those who had invested in the Indian market have doubled their gains unlike other countries.

Another very attractive area of investment in India is the tourism department. This huge country with diverse natural regions, various cultures and religions have beckoned tourists from all around the globe from many years. India is a tourists’ paradise. You have the snow-clad mountains, beautiful beaches, exotic gardens, exciting cities and innumerable holy shrines.

Irrespective of caste and creed people flock to this country to experience its culture and education. So [**Indians in overseas**](http://www.oifc.in/) can easily invest in Indian tourism without any risks.