



## Small and medium Israeli companies tend to minimize their operations in India.

Written by Shafirir Godel, CEO of Agriquality

**Apart for diamond trade, most of the commerce taking place between India and Israel is carried out by the large chemical and mineral companies and defense-related industries \* The world economic crisis, hitting Israel's traditional export markets, increased the number of Israeli companies that sought to develop their businesses to the east, in India \* The high percentage of local private consumption of 56% ensures a relative economic stability in view of the global economic jolts \* The reputation Israeli has earned in a variety of areas, including agriculture and water technologies, is an excellent leverage point for those exporters looking to set out in this vast land \* Collaboration between Israeli and Indian consultancy companies would help Israeli exporters reach a "soft landing" in the Indian market**

Did you ever consider entering the Indian market? Does that sound like a task too formidable to tackle? A new strategic collaboration between Israeli-based company *AgriQuality* from Omer, Israel and *Netscribes* from India offers much easier access for small and medium Israeli companies seeking a foothold in the Indian market.

The impressive growth data pertaining to the scope of trade between Israel and India may be misleading in a way, as most of the trade is concentrated in the diamond, mineral and chemical industries as well as in the defense industry. There are entire sectors in Israel that are yet to discover India and increase the presently negligible trade in it. Small and medium sized companies, even export-oriented, do not see India as a potential market and fail to allocate resources to learn this market and operate within it.

There are several mega cities in India, consisting of over 10 million inhabitants each, with dozens of satellite cities with several millions of inhabitants in each. The increased urbanization, resulting from abandonment of agriculture and rural areas, requires progressive solutions for the rural agriculture as well as to the overloaded urban system.

### Why is it worth the effort?

Consider a few points to think about, illustrating the significance of this special market:

- A. *The Economist's* analysts foresee that among the great importers, India's import figures are expected to increase the sharpest in the near future. They anticipate an annual growth rate of 18% by 2016.
- B. The local private consumption is 56% of the product's sources, thus exposing India to fluctuations in the global demand levels to a lesser level, comprising a stable catalyst for its economic growth.
- C. Presently, India is the world's ninth largest economy. The WTO economists estimate that by year 2050, it will be only preceded only by China and the US.
- D. Since year 2000, India's product growth rates are the highest in the world, and it is second only to China.

- E. During the last decade, the Government of India embraced several reforms intended to increase the integration of the Indian market into the global economy. Among other things, special trade areas were established, importation barring was lifted (albeit that there is still a lot of work to be done), export restrictions were withdrawn and limitations imposed on large corporations wishing to act in India were lifted, the currency exchange rates are currently determined by the free market and so on.
- F. The annual growth rate of export of goods from Israel to India is 22%. When considering emerging markets, the Israeli export holds one of the biggest slices within the India importation pie.
- G. Israel and India signed a series of economic agreements. There is a real potential of the export skyrocketing upon signing a free trade agreement between Israel and India. Despite the uncertainty regarding the time such an agreement is to be signed, it stands to expand the trade between the countries.

India is a large and attractive business target market for agriculture related companies from all over the world. The national Indian agriculture takes 18% of the country's product, employing 38% of the Indian labour force. On the other hand, India is a challenging market, differing from others in its culture and diversity. It is scattered with wrecks of unsuccessful penetration attempts that failed to adjust to the nature of the Indian market as well as to locate proper ways and partners to carry activity into this market. It would be reasonable to assume that lacking a reliable local contact, be it an agent, representative or anyone else, the chances of success of moves within the market would be low.



**The Indian people are proficient in English and knowledge thirsty. English is the country's official language. They would be more than happy to accommodate Israelis and listen to them. In the photo, Shafrir Godel, CEO of Agriquality, speaks of Israeli agriculture before students in Agricultural Management course in Maharashtra college.**

**In 2000, a group of economic journalists who retired from the *Economic Times*, India's largest economic newspaper and the world's third largest, in conjunction with a group of American**

investors, founded the company *Netscribes* in India. The company has several subsidiaries with about 250 employees in major cities in India and European and American sales offices.

Established in 1998, Israeli-based *AgriQuality* offers business development and strategic consultancy services in international markets for a variety of customers, especially in areas of agriculture and water.

Recently, the two companies developed a special model. The model proposed by the two companies - Indian and Israeli - offers Israeli companies guidance through activities and operations based on thorough preparation and in-depth planning. Those would establish a sound basis helping these companies cope with a distant country with a unique culture and distinctive requirements.

*AgriQuality* and *Netscribes* offer guidance for Israeli companies wishing to operate in India, all the way to their subsequent market establishment. Through the cooperation between them, the two companies offer Israeli entrepreneurs strategic consultancy, market research and surveys, marketing competitive intelligence, detection of partnerships and collaborations, and close guidance in setting up businesses in India.

Many Israel exporters refrain from defining India as a preferred target market in their operational plans, excluding it from their activity map. This may be a result of acknowledging the obstacles as well as due to failure to invest into obtaining information and lack of proper view of the India economy and market. Those looking to expand their overseas activities should look deeper into India as a target market.



**An Indian wheat farmer fertilizing with urea (December 2012) - cultivation is done in small lots, by way of flood irrigation and lacking know-how as well as modern technologies.**



**A woman selling flowers in a street corner in southern India.**