

Acknowledgement

I would like thank to Bc. Ing. Karina Tatek Bennetti, Ph.D. for her kind full supervision on my diploma thesis, she showed her great willingness to help with the thesis, efficient section of advice and continues corporation.

Declaration

Hereby, I declare I elaborated this diploma thesis with the title “International trade between India and The Czech Republic Barriers and Opportunities” by myself I stated all the sources of my thesis in chapter ‘references’.

Abstract

Salman N., *International trade between the Czech Republic and India with the focus of Indian business atmosphere*. This master degree thesis defines topics about international trade between India and the Czech Republic. The theoretical part includes significant theoretical background about the uncertainty of international trade. The practical part provides details about Political, Economic, Social, Technological, Legal, Environmental conditions in India and expresses the present international trade between the Czech Republic and India. As per the research suggestions were offered to improve and increase international trade between the Czech Republic and India.

Keywords

International trade, India, Czech Republic, PESTLE analysis, Export, Import

Abstrakt

Salman N., *Mezinárodní obchod mezi Českou republikou a Indií se zaměřením na indickou obchodní atmosféru* ato diplomová práce definuje témata týkající se mezinárodního obchodu mezi Indií a Českou republikou. Teoretická část obsahuje významné teoretické východisko o nejistotě mezinárodního obchodu. Praktická část poskytuje podrobnosti o politických, ekonomických, sociálních, technologických, právních a ekologických podmínkách v Indii a vyjadřuje současný mezinárodní obchod mezi Českou republikou a Indií. Podle plánu výzkumu bylo navrženo zlepšení a zvýšení mezinárodního obchodu mezi Českou republikou a Indií.

Klíčová slova

Mezinárodní obchod, Indie, Česká republika, PESTLE analýza, export, import

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Introduction and Goal of the Thesis

This chapter presents a short overview of the thesis of the conducted study. In this chapter introduces to the reader the scope, Importance of the research, Problem statement, and research goal.

Introduction

International trade is the last core part of the business success for the few years. Really appreciated modern technology, developing infrastructure and globalization, the international trade can help to determine the worldwide achievements of the companies [1].

One of the areas how the Czech Republic can use their opportunities in India. The country India is located in south middle Asia. India had the sixth position on the largest nominal gross domestic product (GDP) and third largest purchasing power party, in 2017 [2]. Because of the following reason India has a high potential for investors and import to India, that due to adverse natural conditions and ongoing development and research in India. This is a good opportunity for the Czech Republic, they can take this as an advantage for new investments and economic growth [3, 4].

This Diploma thesis should provide information about the current situation in India, describe all factors of the local environment for establishing business or entering the market there. As there is already existing international trade between the Czech Republic and India [5], this diploma thesis should also provide information about current import and export into India.

As the whole environment, culture and values of India are very different compared to the Czech Republic, the first focus of this thesis is mainly placed on analysis of local political, economic, social, technological, legal, and environmental aspects of India. The second focus is placed on the current trends and new possibilities of international trade with India.

The focus on new possibilities and trends in trade was possible to describe thanks to cooperation with Czech trade office in India, which provided specific internal data about international trade between the Czech Republic and India.

1 Goal of The Thesis

The goal of this thesis is to describe current existing international trade between the Czech Republic and India, the local environment of India and provide information about possible opportunities for Czech Exporters and Investors. This diploma thesis could assist to identify the main trade barriers, which can be caused by different culture, values, religion, habits, or simply by different manners typical of India.

Another objective of this thesis is to provide basic information about the Indian corporation council and economic conditions in India.

This thesis should expand data and pieces of suggestions received from Czech trade office in India. After considering this information guide, how to avoid typical mistakes, should be provided as well.

Once the data is revived and processed all the necessary information, this diploma thesis could have guidance and suggestions to improve and increase international trade between the Czech Republic and India.

2 Methodology

In order for the master's thesis to be as reliable as possible, it is very important to be as clear as possible in the methodology of how the research was conducted and how the data are collected. We also believe that it is very important to establish a clear purpose of the study and the basic premises and to clearly define the topics behind our selection choices. First, we will present our research strategy, then we will explain our selection method and the study procedure. Finally, we will conclude the methodology section with a discussion on the validity of the study.

2.1 Research Process

This study is occurred since January 2018 to march 2018, and this research indeed the International trading between Czech Republic and India with focus of Czech traders. The scope of the study is in deeds all major things related to international trading aspects and related topics like how to enter into Indian business concerns and how to make Foreign Direct Investment easier and also with what are the opportunities India calling outsider investors. This thesis is conducted by collecting data from secondary sources. The primary data is collected by some of the workers who works in Indian automobile industry. Research Design, a research design is one that simplifies the framework work or plan for a study and adds to the rapid collection and analysis of data, it is the original text that was followed at the end of the study. Here the research is generally based on secondary data. Scope of the Study, India like a such big country and one of the top economically growing country it has a lot of newly arrived business opportunities. And also the newly elected government mostly welcoming the foreign investors, for that reason the importance of this topic is relatively high and helpful to those who wants to know more about the Indian business atmosphere.

2.2 Research Strategy

This thesis is based on a qualitative research methodology in International Trade Between the Czech Republic and India had to be interpreted in its content understood. This qualitative research is based on detailed descriptions of events and government behaviour and measures taken towards to the international relationship. The field study was carried out during a two month in the Czech Republic and able to observe the current situation of both countries in a business relationship. That made it possible for this thesis to get a deeper understanding of the relationship between the Czech Republic and India. This provides the master thesis with a truly analytical approach.

This diploma thesis is divided into three main parts. The first part is dedicated to the theoretical section. The theoretical section concludes all theoretical data and knowledge to provide relevant background for the practical section. The theoretical section was mostly concerned with academic literature, however, also other sources like the internet were used to provide information about important organization operating in India.

The second part is a practical section, which handles the theoretical knowledge into a particular topic 'International trade between the Czech Republic and India'. Data distinguish most exported Czech commodities into India and graphs showing the development of import and export between the Czech Republic and India were provided. The PESTLE analysis hand over a description of political, Economic, Social, Technological, Legal, and Environmental factors in India. In the practical part, there were also elaborated and evaluated and processed into recommendation and results.

The suggestions were coming up according to the result of the processed PESTLE analysis and received questionnaires. These suggestions should help to find the best method of entering the market in India and avoiding some mistakes which can be easily done due to cultural and religious differences.

The third part is a conclusion and includes a summarization of suggested recommendation for Czech exporters.

2.3 Procedure

In the process of analyzing the International trade between the Czech Republic and India, it first identified the historical and current situation of trading between both countries that seemed congruous. Then it collected data that was going be the base for this thesis development of the propositions which concerned the international trade between the Czech Republic and India.

2.4 Identifying Behavior

The first step of the thesis was an accomplishment to identify the past behaviour and the relationship between the Czech Republic and Indian international trading, and it seems congruous and had to be explained. The congruous attitude that confirmed the possibilities of the international trade between both countries.

2.5 Data Collection

The second step we took was to collect the data about the congruous relationship became the base for the expansion of the recommendation regarding international trade between the Czech Republic and India. This thesis was using data from the method of observation and documents and records.

2.6 Source of data

In the theoretical framework of this study, secondary data were collected through the literature on corporate and international administration, articles and previous studies on international affairs, the Internet, information from Indian and Czech embassies, annual reports from the Czech Statistical Office and the International Monetary Fund.

3 Theoretical Part

In, this chapter describes the detailed overview of the theoretical portion which is related to the international trade, Sovereignty, quotes, and tariffs, and a table shows the details about the international integration.

3.1 International Trade

International trade can define as the exchange of goods and services which is executed across national borders [6]. Exporters are the goods and services sold out of the state and imports are good and services purchased into the state [7]. International trade has a critical role in our day to day lives. When we suppose to purchase a foreign brand of car, eat tropical fruit or have fresh flowers in the winter or water, a foreign brand of clothes, we became a unit of international trade

International trade is the exchange of goods and services between countries. Total trade is equivalent to exports and imports. In 2017, world trade was \$ 34 billion. This is \$ 17 billion of exports plus \$ 17 billion of imports. A quarter of the trade concerned electrical machinery, computers, parts of nuclear reactors and scientific instruments. Automotive contributed 9%. Raw materials such as oil, iron, and diamonds increased by 19%.

In 2017, world trade grew by 10.5 per cent. In 2016 it had 4% contract. It had grown by 2% in 2015 and 3.4% in 2014. It returns to the annual average growth rate of 10% between 1961 and 2013. About 27% of international trade contributes to the world economy. Until the 2008 financial crisis, world trade grew 1.9 times faster than economic growth. Until 2017, trade has grown slower than the global economy [8].

Following are the four reasons for the trade slowdown. First, the Soviet Union collapsed in the 1990s, allowing countries like Poland, the Czech Republic and East Germany to recover when they joined the global economy. Secondly, China became part of the World Trade Organization in 2001. These two events have enjoyed excellent growth. But after 15 years, their contributions have stabilized. Third, the financial crisis of 2008 slowed down trade and growth. Many companies have become more cautious. Consumers were less likely to spend. Part of this is because they were aged. They had to rebuild their savings for retirement. The young people have faced high rates of

unemployment. They had difficulty starting their career. This meant that they were not so inclined to get married and buy houses. Many of them also had large school loans to pay. Fourth, countries have implemented more protectionist measures. In 2015, governments have quietly added 539 trade restrictions. These include tariffs, government subsidies to national industries and anti-dumping legislation.

3.1.1 Advantages of International Trade

Exports create jobs and stimulate economic growth. They offer national companies more experience in producing foreign markets. Over time, companies gain a competitive advantage in world trade. Trade also makes companies more efficient. Research shows that exporters are more productive than companies that focus on internal trade.

Imports allow foreign competition to reduce prices for consumers. It also offers buyers a wider variety of products and services. Examples include tropical and off-season fruits and vegetables [9, 10].

3.1.2 Disadvantages of International Trading

The only way to increase exports is to facilitate trade in general. Governments do this by reducing tariffs and other blockades to imports. This reduces employment in national industries that cannot compete on a global scale. It also leads to the subcontracting of labour. This is when companies transfer call centres, technology offices, and production. Choose countries with a lower cost of living.

Countries with traditional economies could lose their local agricultural base. This is because the developed economies subsidize their agricultural-food industry. Both the United States and the European Union do so. This undermines the prices of local farmers [9, 11].

3.2 Sovereignty

As per the book, *The Economics and international intergradation* from Miroslav N. Jovanovich sovereignty can be defined as undisputed political power. In the frame of economic integration sovereignty is controversial as the countries, by signing a treaty with the economic corporation, engage to do or to avoid the same things. Therefore international economic integration can be sometimes criticized for losing the sovereignty

of the particular country. In some cases, the signing countries only harmonize some of their policies, for example, social or economic. To harmonize the policies of each country 'the national treatment'. This treatment allows countries to adopt any kind of policy they wish, even such a kind of policy which will be completely different than the policy of the partner country [8].

Sovereignty contra international economic integration can be also treated and viewed by the size of the country. If it is a small country, which for the purpose of aloneness and protection, would stay out of international position. They lag in economic development and international position. The lag in the economic development figures out the lower standard of living [12, 13].

The reason behind the international integration is to securely reach a larger market, which bears advantages as economies of scale, the progress of trade, new investments, competitive environment, specialization or reduced risk.

Economic integration can be able when the policies of cooperating countries will be harmonized instead of placing the policies against each other or drifting of sovereign economic power.

When the central objective of the country is to trade on the large market and through this way to provide competitiveness of good and services produced within the particular country of small size, the most acceptable and better solution is to rather enter international economic integration that to keep total national sovereignty [14, 15].

3.3 Quotes and Tariffs

The international economic integration is to extract the difficulty in common trade. The types of corporation, quotes, and tariffs can be theoretically classified as following, Table 1[17-21]:

- Preferential tariff – is one of the tariffs which guess that signatory nations will make the trade with lower tariffs than the third nation out of this tariff agreement.

A partial customer union –when the signatory countries agreed on their introductory rates on their reciprocal business and set up external tariffs on trade with third countries a partial customer union is established.

- A free trade area - is an agreement of signatory countries which allows them to wipe out all tariffs and restrictions on mutual trade. From the free trade area countries, they have done set up own tariffs and other obstacles for the trade with third countries. These regulations should avoid the trade deflection. The reason behind trade deflection is when the goods were imported to the free trade area to the country with relatively lower external tariffs than another signatory country from a free trade area with higher external tariffs.
- Customs union – is an association where signatory countries wipe out all internal tariffs and restrictions within the association and set up the common external tariffs for third countries. During the international trade and negotiations, the customs union is considered as a single entity.
 - Common market – in common market there is possible free movement of land, labour, and capital among the signatory nations, however regulations for shifting
 - of factors of production are set up for the third countries.
 - Economic union – in this union signatory countries influence to unify and balance all conditions of economic union. which means policies like fiscal, monetary, industrial, regional should coordinate[16].
 - Total economic union – the supranational government has the main authority for all the economic aspects of this union. In total economic union administration difficulty for free shipping of goods, services, and capital.

Table 1. Theoretical Types of International Economic Integration. (Source: Own elaboration based on [15-19])

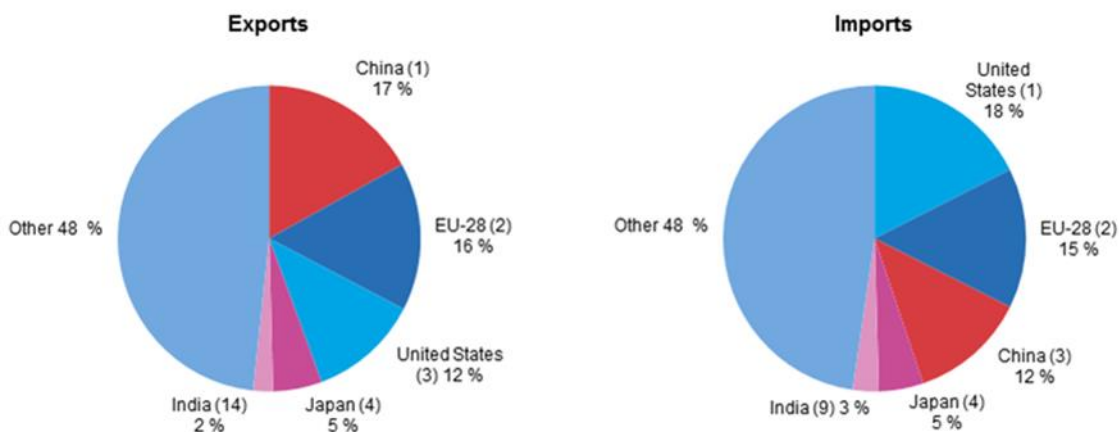
	Factors of freedom for movements	Typical external tariffs	Adjustments of economic policies	Economic policy total unification	Liberalization of tariffs and quotas on trade between the countries
Mode 1 Common Market	YES	YES	NO	NO	YES
Mode 2 Custom Union	NO	YES	NO	NO	YES
Mode 3 Free Trade Area	NO	NO	NO	NO	YES
Mode 4 Economic Union	YES	YES	YES	NO	YES
Mode 5 Total Economic Union	YES	YES	YES	YES	YES

3.4 EXIM Policy

The export and import policy (EXIM policy), announced under the Law on Foreign Trade (Development and Regulation Law) of 1992, would reflect the scope of regulations or the liberalization of foreign trade and would indicate measures for the promotion of exports. Although the EXIM Policy is announced for a period of five years, it announces a Policy on March 31 of each year, within the general framework of the Five Year Policy, for the year of guarantee. A very important feature of EXIM policy since 1992 is freedom. Licenses, quantitative restrictions and other regulatory and discretionary controls have been substantially eliminated.

The Ministry of Commerce of the Union, the Indian government, announces the integrated policy of FTP foreign trade every five years, Figure 1. This is also called the EXIM policy. This policy is updated every year with some changes and new schemes. The new schemes come into force on the first day of the financial year, ie on April 1st of each year. The foreign trade policy announced on 28 August 2009 is an integrated policy for the period 2009-2014.

Figure 1. The Position of India Among the World's Largest Traders, 2016. This figure is showing the percentage of Indian trade among the important trading countries. Source: Eurostat (online data code: ext_it_introle).



The export and import policy (EXIM) sets the rules and regulations for exports and imports of a country. This policy is also known as the foreign trade policy. It provides the government policy and strategy to follow to promote exports and regulate imports. This

policy is periodically reviewed to incorporate the necessary changes based on changes in the national and international environment. In this policy, the government's approach to various types of exports and imports is passed on to various exporters and importers.

The export refers to the sale of goods and services to other countries, while the importation means the purchase of goods and services from other countries. Now in the era of globalization, no economy in the world can remain isolated from the rest of the world. Exports and imports play an important role in the economic development of all developed and developing economies. With the growth of international organizations such as the WTO, UNCTAD, ASEAN, etc., World trade is growing at an accelerated pace [17–19].

3.4.1 Main aims of the EXIM policy.

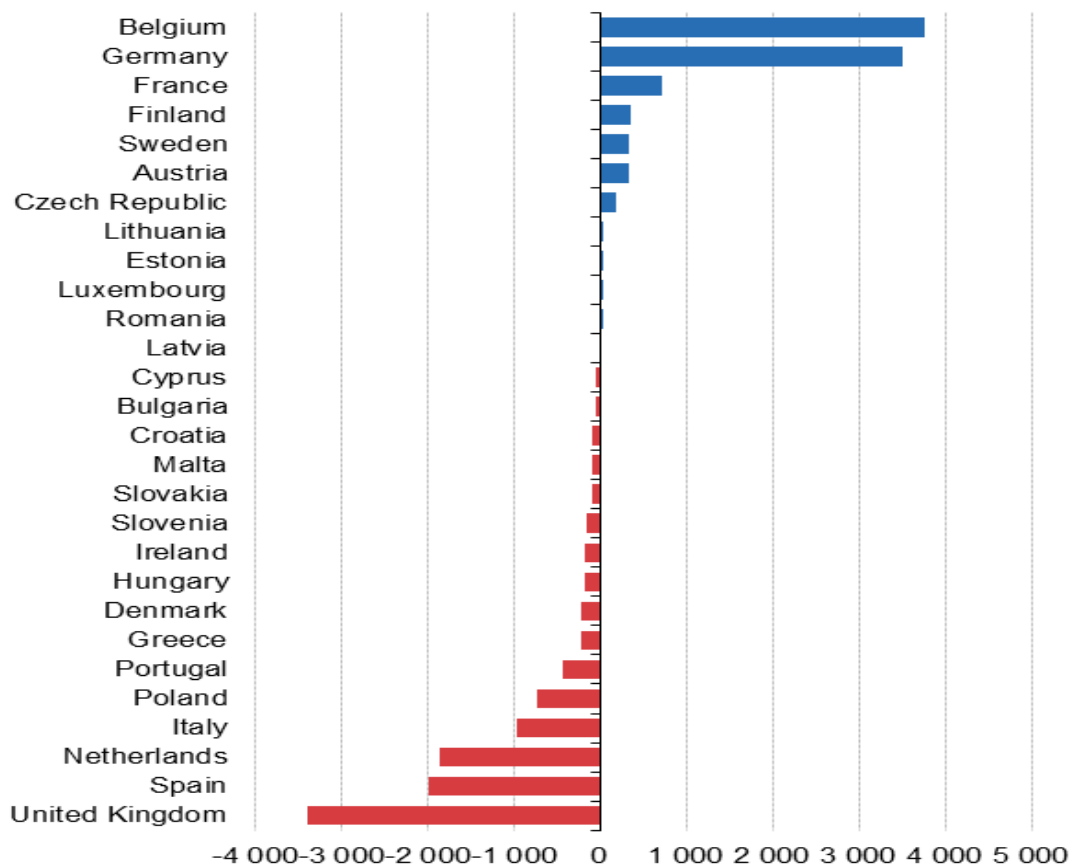
Governmental control of the import of non-essential items through the EXIM policy. At the same time, every effort is made to promote exports. Therefore, there are two aspects of EXIM policies; the import policy concerning the regulation and management of imports and the export policy which refers to exports not only of promotion but also of regulation. The main objective of the government's EXIM policy is to promote exports to the maximum extent possible.

- ❖ Facilitate sustained export growth to reach a share of at least 1% of global trade in goods,
- ❖ Stimulate sustained economic growth through access to essential raw materials, intermediate products, components, consumer goods and capital goods needed to increase production and provide services,
- ❖ Improve the strength and technological efficiency of India's agriculture, industry and services, thereby improving their competitiveness and generating new job opportunities, and encouraging the achievement of internationally accepted quality standards,
- ❖ Provide consumers with good quality products and services at internationally competitive prices while creating fair conditions for domestic products.

3.5 European Union and India

India is currently the fastest growing economy in the world and a strategic partner for the European Union, which represents a considerable and dynamic market of 1.25 billion people. For these reasons, the European Union and India have pledged to further increase their bilateral trade and investment through the negotiations of the Free Trade Agreement launched in 2007. After substantial progress through several rounds of negotiations, discussions are currently focused on pending key issues that include better market access for some goods and services, public procurement, geographical indications, valid standards for investment protection and sustainable development [20–22] Figure 2.

Figure 2. Trading Between European Union with India. This figure is showing the most European countries trading with India. Source: [22, 23].



3.5.1 Overview of Indian trade

Following points are describing the over view of the Indian trade. It is also mentioning the rate of trading in India with Europe and also some of the top business fortunes in the world [24, 25].

- ❖ The EU is India's largest trading partner (13.5% of India's total trade with the world in 2015-16), well ahead of China (10.8%), USA. UU. (9.3%), United Arab Emirates (7.7%) and Saudi Arabia (4.3%),
- ❖ India is the ninth EU trade partner in 2016 (2.2% of the EU's global trade with the world), after South Korea (2.5%) and before Canada (1.9%),
- ❖ The value of EU exports to India increased from € 24.2 billion in 2006 to € 37.8 billion in 2016, with engineering products, gems and jewels, other manufacturing products and chemicals listed in the top,
- ❖ The value of EU imports from India increased from € 22,600 million in 2006 to € 39,300 million in 2016, with the main textiles and clothing, chemicals and engineering products,
- ❖ Trade in services has almost tripled in the last decade, rising from 10,500 million euros in 2005 to 28,100 million euros in 2015,
- ❖ The EU investment actions in India amounted to € 51.2 billion in 2015, up from € 44.2 billion in the previous year.

Figure 3. International Trading Between the European Union and India with Goods, this figure is supporting the above mentioned points (Indian trade with European union in commodities) Amount in Billions Euros € [26, 27].

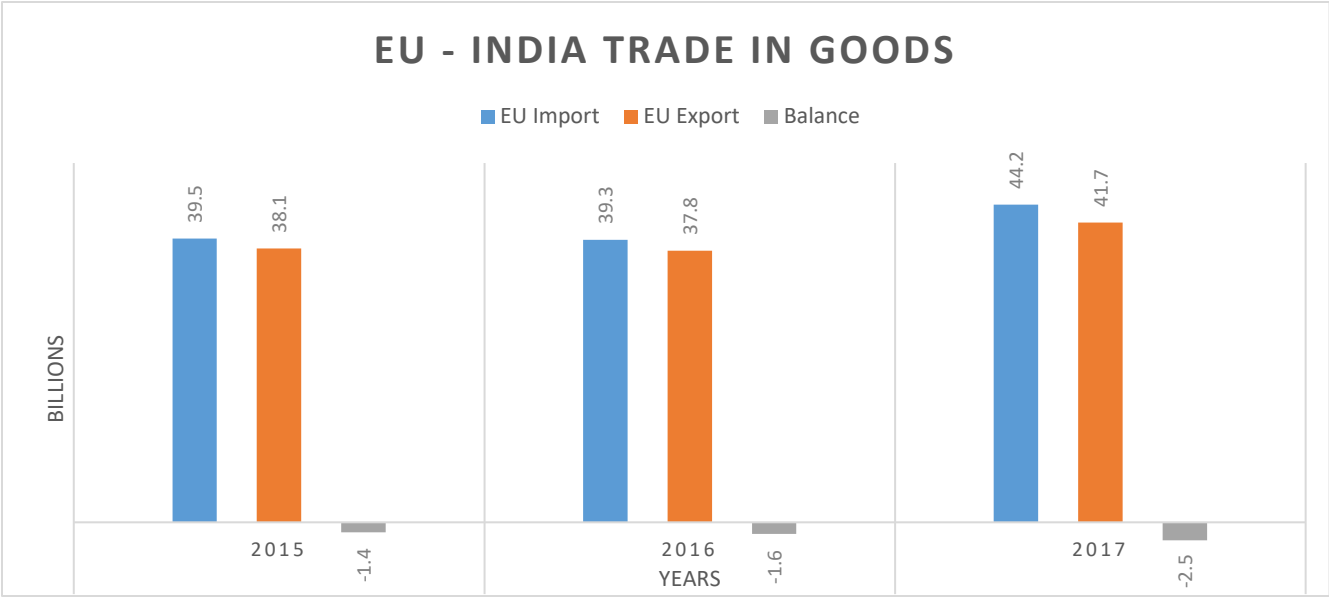
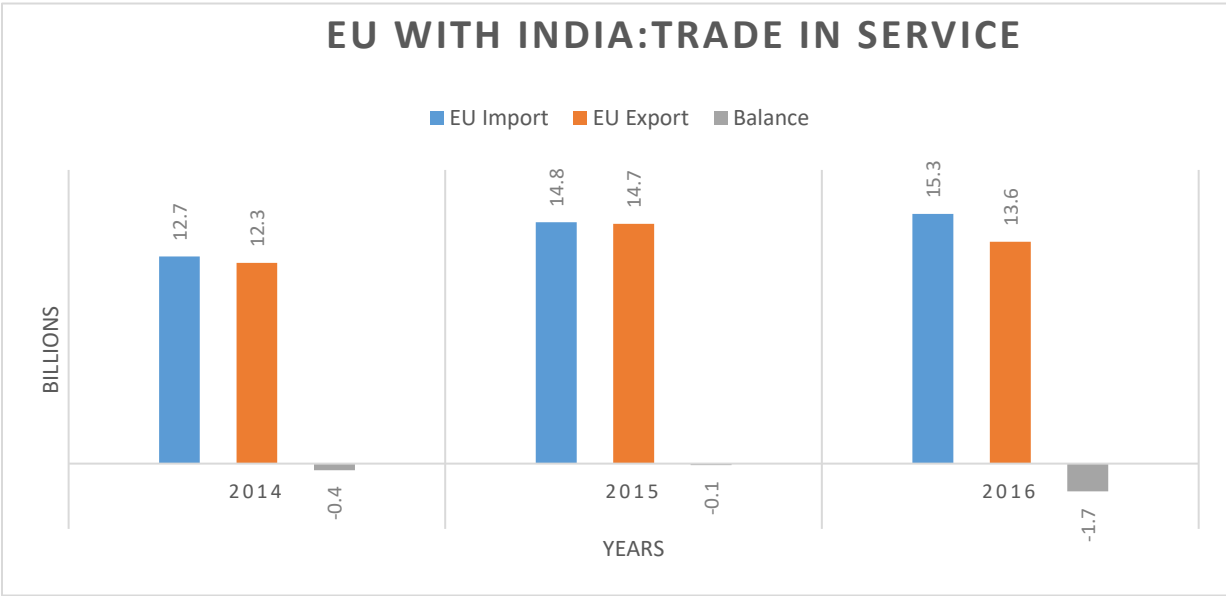
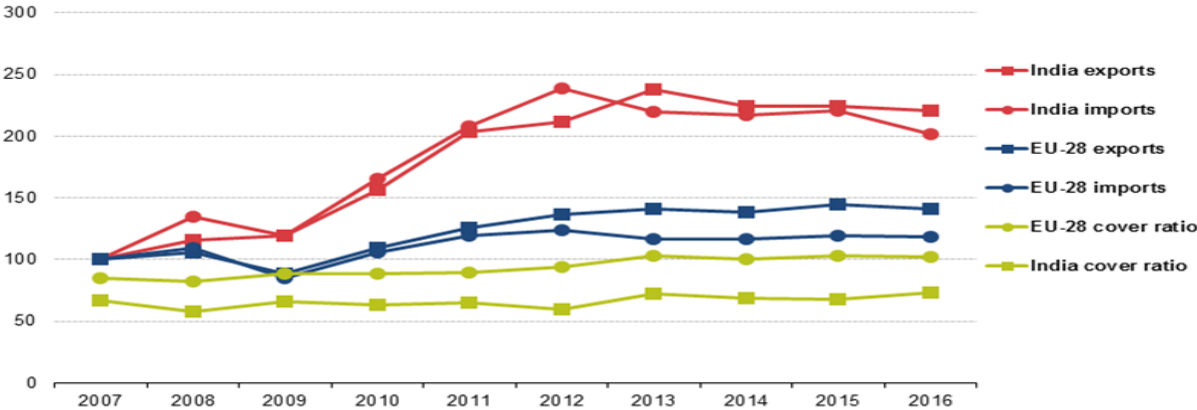


Figure 4. International Trading Between the European Union and India in Services. this figure is supporting the above-mentioned points (Indian trade with European Union in services). Source: Amount in Billions Euros € [26, 27].



Here are the approaches to the evolution of trade in the EU and in India in the period 2007-2016. India's exports grew faster than those of the EU, particularly between 2009 and 2013, when they reached a maximum of 138% compared to the level of 2007. Between 2013 and 2016, EU exports they remained more or less at the same level, while India's exports decreased. The growth of imports from India is very close to the growth of exports, although in 2016 imports decreased slightly, Figure 5. The coverage rate (exports divided by imports) for India was 73% in 2016, indicating a substantial trade in goods deficit. Since 2009, EU imports have grown at a lower rate than exports, which has led to a coverage rate of over 100% (in other words, a trade surplus) since 2013.

Figure 5. Evolution of Trade of the EU-28 and India (2008=100) and Cover, 2007-2016. While the trade balance provides information on the absolute value of trading positions. The cover ratio provides a relative measure that is based on the ration (expressed in percentage terms) between the value of exports and the value of Imports. If the Exports and Imports are indexed at 100 in 2009, Source: Eurostat (online data code: ext_it_introle)



3.6 Outsourcing and Offshoring

Outsourcing can be defined as "the strategic use of external resources to carry out activities traditionally managed by internal personnel and resources". The transfer of several operations from one company to another for reasons such as lower labour costs or more favourable economic conditions in that other country[25-38].

3.6.1 Outsourcing

When the company relocates or transfer of the company's activities called outsourcing, which were so far get exclusively only by the company, to outside organization or company which the activities will be taken from, While the production phase is transferred out of own company, the level of vertical integration is decreasing. Activities, which are removed out of the own company, are purchased for market prices. The outsourcing providers can be a group of people or a company which can be either home country or international as the original company or can be situated in a different state [28–30].

However, trade is based on the market price among the company processes. If the transactions are processed within one domestic country, which means both the original company and outsourcing company are situated in the same country, that is what we call domestic outsourcing. Other ways the outsourcing is foreign, border or international[31].

Czech statistical office uses following names:

- Client (ordering party) is unit, which enters based on the agreements with another unit, and require providing goods or services etc.
- The supplier is a unit which is providing specific goods or services to unit according to the agreement relation with the client.
- The subcontract is a contractual imperative according to which the client desire from supplier particular production service.

Outsourcing can provide services from any sphere of business, for example, production, supporting activities for human resource and other activities.

Subcontract can also include services, especially various studies, accounting, engineering, research and development, promotion, IT services or law advisory. Some of them can be contracted abroad (international subcontract).

Even though the half of the outsourcing doesn't show the desired results. The intention of outsourcing can bring huge risk to all the companies. Because of this reasons, outsourcing should be processed from a complicated point of view. This process is called multi-sourcing and which includes communication, interaction, monitoring of function within and outside of the company.

To get a successful outsourcing needed Successful outsourcing requires specific evaluation, completed observation (benchmarking) and considering all future possible impacts on the company.

3.6.2 Offshoring

The word itself used to have a various meaning linked with tax paradise. Since the year 2002, the term offshoring is used to describe the relocation of some portion or all portions or activities of the company to the foreign low-cost country.

The transferred activities or other Productions are delegated to the different company in full or part ownership of the parent company. That case is also called intra firm offshoring or direct foreign investment.

3.7 International Organizations

In general, international organizations rely on multilateral treaties between at least two sovereign nation states. The formation of an initially flexible link between the participants is generally strengthened by the development of more or less rigid institutional structures and bodies to pursue some more or less defined common objectives in the international arena. The IO can have a global or regional character, and the last one generally shows a more centralized structure due to the limited number of regional actors available. While many IOs are one-way organizations, others focus on a multitude of problems. The IO can be open to new members or consists of a closed system. Occasionally, IOs are established for a certain duration as specified in the respective letters, but most of the time no temporal limitation applies.

In some of the previous publications, the IOs tend to be divided into political and apolitical organizations; The first refers to military and political alliances to promote the power of its member states and the second refers to organizations that deal with purely administrative and technical matters. However, in the last decades of the twentieth century many of the alleged technical and "apolitical" organizations of the United Nations (for example, the Atomic Energy Commission and the World Health Organization), as well as such large entities as the International Olympic Committee, the International Monetary Fund and also many large multinational companies have become highly politicized organizations with a multitude of political objectives. The differentiation between policies and techniques of IO is, therefore, useless. It is much more sense to distinguish between international non-governmental organizations (INGOs), such as the United Nations, NATO, IMF and World Bank, to name a few of the best-known international NGOs (Non-Governmental Organizations) and international NGOs such as Amnesty International and Red Cross International. Although the estimates differ profoundly, at the beginning of the 21st century there were at least five hundred IGOs and eleven thousand INGOs. International organizations (founded in 1907) were organized in the Union, which is based in Brussels and publishes the annual Yearbook of International Organizations.

While NGOs help to clarify international rules and regulations that allow at least two social actors (parties, thematic groups, trade unions, associations, companies and international companies) to cooperate in the coordination of some specific transnational and cross-border issues, INGO, with this essay mainly, they are based on nation-state cooperation. An INGO is generally based on a multilateral treaty of two or more sovereign nation-states for the pursuit of certain common objectives in the international arena. It is useful to distinguish between supranational or semi-supranational IGOs, such as the European Union, or more flexible confederations of states and non-supranational IOs, such as the United Nations and NATO. While the former limits the sovereignty of the participating nations to a greater or lesser degree, the latter usually do not violate the sovereignty of their member states; therefore, they tend to have only a limited degree of influence on their members. Despite the equality of nation-states recognized in international law, there is indeed a hierarchy of power and influence even within non-

supranational OIGs. The UN Security Council, dominated by its five permanent members, as well as by the International Monetary Fund, the World Bank, and many other IOs, are all dominated by the established major powers, not only for their influence and their political capabilities and military. as its financial and economic influence. Except for China and Russia, the influential powers of the first twenty-first century all come from the Western ranks.

There are some institutionalized meetings and conferences that can easily be confused with OIG. These include the increasingly controversial meetings of the G7 / G8 of developed nations and World Trade Organization meetings, as well as summit meetings between heads of state and, for example, the Conference on Security and Cooperation in Europe (CSCE)., which played an important role in overcoming the Cold War. In fact, they are not IIGs; instead, these dispersed organizational structures are only very temporary alliances of a hybrid nature. But they are increasingly important and, in addition to IGOs and NGOs, should be characterized as a third actor, even if not less ambiguous and still largely unexplored, of international diplomacy [24, 25].

3.7.1 The Role of the Czech Republic in International Organization.

The Czech Republic is a central European country, a member of the European Union. During the years 1948-1989, the foreign policy of Czechoslovakia had followed that of the Soviet Union. From the revolution and the subsequent concerted peaceful dissolution of Czechoslovakia into the Czech Republic and Slovakia, the Czechs have turned their reintegration into Western institutions into their main foreign policy objective. This goal was quickly achieved with great success, since the country joined NATO in 1999 and the European Union in 2004, and held the presidency of the European Union during the first half of 2009.

Participation in international organizations: - The Czech Republic also cooperate in the United Nations (UN), Organization for Economic Cooperation and Development (OECD), World Trade Organization (WTO), International Monetary Fund (IMF), International Energy Agency (IEA), Organization of the North Atlantic Treaty (NATO) and International Commission on Whaling. The Czech Republic is a member of the United Nations and participates in its specialized agencies. The Czech Republic is a

member of the General Agreement on Tariffs and Trade. The Czech Republic became a member of the North Atlantic Treaty Organization, together with Poland and Hungary, on March 12, 1999. This membership represents a milestone in foreign policy and in the country's security orientation.

3.7.2 The Role of India in International Organization.

India is a newly industrialized country, has a history of collaboration with several countries, is a member of the BRICS and an important part of the developing world. India was one of the founding members of several international organizations - the United Nations, the Asian Development Bank, the new BRICS (Brazil, Russia, India, China, South Africa) Development Bank and the G-20 - and the founder of the Non-Aligned Movement.

India has also played an important and influential role in other international organizations such as the Eastern Asia Summit, the World Trade Organization, the International Monetary Fund (IMF), the G8 + 5 and the IBSA (India, Brazil, South Africa) Dialogue Forum. India is also a member of the Asian Investment Infrastructure Bank and the Shanghai Cooperation Organization. At the regional level, India is part of SAARC and BIMSTEC. India participated in several UN peacekeeping missions and, in 2007, was the second largest troop contributor to the UN. India is currently seeking a permanent seat on the UN Security Council, along with other G4 nations.

3.7.3 International Monetary Fund

International Monetary Fund (IMF) is an international organization associated with the United Nations. The main goal set is to simplify international monetary cooperation. IMF was established in 1922, it has own structure, governing and finance and currently consists of 187 members [32].

Overall goals are:

- Secure financial stability,
- Support stability of exchange rates,
- Through the loans to support countries in economic crises,
- To provide high employment,
- To provide sustainable economic growth,

- Reduce poverty.

The management of international monetary fund consists of managing director, who is the head of employees and at the same time chairman of the executive board. The managing director is represented by first deputy managing director and three other deputy managing directors.

The resources of IMF come mainly from entering fees of members states. Quotes are determined by the size of each member's economy. The larger output of member country economy is, the larger trade and quotes will be. According to the quotes and an equal amount of direct votes, each member disposes of certain voting power. These factors also determine how big amount of money can be borrowed from the countries [33–35].

3.7.4 World Trade Organization

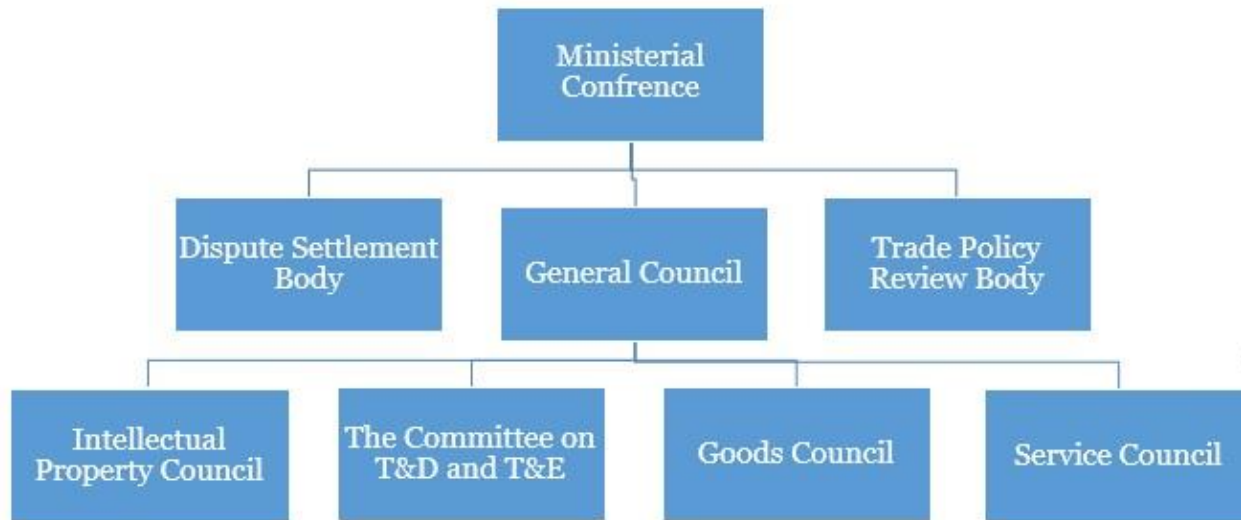
World Trade Organization (WTO) was established in 1955 as the successor of the General Agreement on Tariffs and Trade (GATT) and is the unique organization who promotes and deals with rules of international trade, Figure 6.

General agreement on tariffs and trade is general agreement between the states about the rules for the leadership of trade and for World Trade Organization. The main is to secure agreement about the trade activities and resolving the trade issues between members. GATT is very important for entrepreneurs as well as for customers because its rules and procedures create a frame for international trade and trade policy. Trade policy has the real influence on the choice of goods available for consumers and for the price [36–38].

Structure of WTO

The following figure is showing an easy way to understand how the WTO started and what are the branches it has.

Figure 6. The Structural System of the WTO, in this thesis pointing out the presents of both Czech Republic and India, so this diagram would help to easy understand how the world trade organization system does work. [39, 40].



The main activity of WTO is the support of functioning of international trade according to set rules, impartial appeasement of conflicts between governments and organizations of trade negotiations, Table 2. Brief Description About the WTO, Source own elaborated based on [37-43]. The basic core of the system is 60 agreements of WTO, which are the juridical basement of international trade and of trade policy. These agreements are based on the following principles [41]:

- No discrimination,
- Free trade,
- Support of competition,
- Special agreements with fewer developed countries.

The aims can conclude as that World Trade Organization looks after that international trade will flow as smoothly, predictably and freely as possible [42].

Fact File of WTO

Following table is describing a short fact file of the World Trade Organization. Which is mentioning about the foundation, Location, Membership.

Table 2. Brief Description About the WTO, Source own elaborated based on [37-43].

Created by	Uruguay Round negotiation (1986-1994)
Location	Geneva, Switzerland
Established	1 January 1995
Budget	189 million Swiss francs for 2009
Membership	164 countries since 29 July 2016
Head	Roberto Azevêdo
Secretariat staff	634

3.8 PESTLE Analysis

PESTLE analysis can be defined as a tool for analyzing, macroeconomic environment. Macroeconomic factors, which affect companies and industries, are Political, Economic, Social, Technological, Legal and environmental [43].

Political factors – Political factors comes from political parties and leadership, political environment or National administrations, which determine

the economic and political situation. These political factors predict for example the highest of operating cost for the company, infrastructure of the company or availability of facilities. Other important elements of the political environment are nationalization and privatization. Sometimes the government decides to set up high tariffs and quotes for foreign companies with the aim to protect domestic producers [44, 45].

Economic factors – Economic factors such as unemployment, interest rates, the system of taxation, inflation or economic growth has a big influence on the competition. There is a tendency to rather invest in a country which is a part of the global economy than to the country of an individual economy.

The very phase of economic growth has a different meaning for different industries. For example, while going through economic growth, all industries will go, even industries with very different or luxury goods. While going through a recession, many industries will suffer from lack of profit, however, some sub-sectors can reach high exceptional revenues. Other important factors are demand and supply. Their price can be determined by the resources (economic input) within the particular country [46].

Social factors – Social factors are usually driven by social trends. It means social trends determine the demand. As social trends, we consider for example the growth in customer's requirement for high quality of products, the growth of importance of internet purchasing, lifestyle or the style of dressing. The successful environmental analysis should all recent social trends as well as all possible future trends [47].

Technological factors – Many important changes for companies or for everyday life of customers come from technological development. Technological change can decrease the cost for companies, faster the trade, but also can open a totally new field for business, For example, the information technologies. Technological progress and development should be advantageous and convenient for companies as well as for customers [48].

Legal factors – Every state has specific legislative and regulatory which determines the quality and parameters of production and product. In some areas, the legislative and regulatory are guided by national even supranational law, for example in the state of European Union. Due to globalization and other factors, some aspects of international trade, such as Basel II., the law about employee's health and social insurance, the law about monopoly trading, have been standardized [49–51].

Environmental factors - Many factors which influence economic activity are determined by the physical environment. For example, the weather will affect the agriculture or the natural resources can define the wealth of a particular country. Other environmental factors influencing business are for example global warming, pollution from industrial activity, genetically modified plants etc [52]. In the case of the environment, the quality of air is so much polluted because of the industrialization and urbanization and also it causes several health issues. As the result of this, there have been formed some groups for the protection of the environment, noise controls, and regulation on waste control and disposal [53].

4 Practical Part

The country India is situated in South Asia. According to the geographical area, it has the seventh rank, by the population, it has the 2nd position and the most populous democratic country in the world,

Figure 7. India has an ocean on the south called the Indian ocean, and the west side Arabian sea, and the Bay of Bengal on the east, and 7517 kilometres is the Indian coastline [53].

Figure 7. Map of India with Neighboring Countries



India is sharing borders with Pakistan to the west, and Nepal, Republic of China and Bhutan to the north and Bangladesh and Myanmar to the east. Indian neighbourhood country is Sri Lanka, Indonesia, and Maldives [53].

Home to the Indus Valley Civilization and a region of historic trade area and vast empires, the Indian subcontinent was identified with its commercial & cultural wealth for much of its long history. The main Indian religions are Hinduism, Jainism, Buddhism, and Sikhism originated country and the Christianity, Islam, and Zoroastrianism arrived in the first millennium of CE and formed many cultures. In the mid-19 century, the United Kingdom colonized in India before that British East India company formed it was in the early 18th century, India has got independence in 1947 through widespread non-violent resistance [54]. Now India is a republic with 29 states and 7 union colony with a parliamentary system of democracy. India has the largest economy at exchange market rates that are 12 in position and fourth position in purchasing power. In 1991 India implemented economic reforms then it greatly influenced become one of the fastest growing economies. Even though the country still facing poverty, illiteracy, health issues [55, 56].

4.1 PESTLE Analysis

Here the main importance of PESTLE analysis in macro environments is that it is very important to identify the important factors that can influence or change the vital variables that influence the supply and demand levels of any company or organization and the costs of production factors. India is such a big country in terms of population with 1.3 billion people, so before entering the market, the in-depth study of the market situation and the knowledge of the determining factors play a fundamental role.

In the macro environment, there are so many factors available that greatly influence the organization's activities, Table 3. PESTLE Analysis of India in a Nutshell [57, 58]. These factors influence the levels of supply and demand of the organization at their cost. Rapid changes are now part of the environment that has had a major impact on the organization's function. Currently, PESTLE analysis is very essential for an organization. The PESTLE analysis classifies the environmental factors into four parts. They are; political, economic, social and technological, legal, environmental forces. Thus, a

company uses this to exploit opportunities, and companies also use results to make important decisions about threats as they prepare for business and strategic plans [59,61]. For example, India had a stable government in the last decade, which means that the ability to change the roles of FDI and other international laws was very low. It is also very important to understand the growth or decline of the market, the position and potential of the business and also the direction of operations. To know and understand all this, PESTLE Analysis is the best tool for an organization. In this PESTLE analysis on India is describing the factor that influences the business environment of India.

Table 3. PESTLE Analysis of India in a Nutshell [57, 58].

Political	Economical
<ul style="list-style-type: none"> ➤ World’s largest democracy, ➤ Transportation and infrastructure development helping distribution network, ➤ Helping agriculture, ➤ Deficient and complex logistic system, ➤ Multilingual federal system. 	<ul style="list-style-type: none"> ➤ Potential to be like China ➤ Raising GDP level, ➤ Trying to make manufacturing, ➤ Small and medium scale enterprises are the backbone, ➤ Fastest growing economy, ➤ Lowering inflation rate, ➤ The bigger cement industry, ➤ Attracting opportunities for foreign investors.
Social Factors	Technological
<ul style="list-style-type: none"> ➤ changing Culture and lifestyle, ➤ The fastest growing Local market, ➤ High literacy rate, ➤ Bollywood- Cinema industry, ➤ Cheapest labour workforce, ➤ Second largest population in the world. 	<ul style="list-style-type: none"> ➤ High-level development of technology, ➤ Huge technologic manufacturer, ➤ ISRO (Indian Space Research Organization), ➤ Growing biotechnology, ➤ Fastest huge growing aviation market, ➤ Developed IT sector, ➤ Developed the telecom industry.

Environmental	Legal
<ul style="list-style-type: none"> ➤ Pakistan as a big competitor <ul style="list-style-type: none"> • Competition in business, • Threaten of crisis, • Capable to destroy each other with nuclear weapons. ➤ Challenges <ul style="list-style-type: none"> • Air pollution <ul style="list-style-type: none"> ○ One of the worst in the world, ○ By huge transportation, ○ Up to 50% Asthma in children in bigger cities. • Water pollution <ul style="list-style-type: none"> ○ Chemical, Industrial, Agricultural wastes pumped to the ocean and rivers, ○ Lack of water resources • Garbage • Deforestation • overfishing 	<ul style="list-style-type: none"> ➤ it is make hiring easier by coming new laws, ➤ nuclear power law (Avoid nuclear crisis), ➤ it is illegal discrimination of castes, ➤ common law legal system, ➤ difficulties of buying land pieces.

4.1.1 Political Factors

India is one of the biggest countries who chosen democracy system, and India is adopted federal democratic government system. It is based on English common law and judicial review of legislative acts accepts the compulsory International court of justice ICJ with

reservation, and for the Muslims has kept the separate personal law, Hindus, and Christians. About the political system in India isn't stable at all [59]. In the history of democracy, the federal government of India had been led by Indian National Congress (INC). And about the state politics dominated by several other parties like BJP (Bharatiya Janata party), CPI (Communist Party of India) and it includes INC as well. Nowadays there are a lot of other minor parties has formed in several states. But they are rolling only very few positions in some states. In 2014 Indian election the BJP won with higher majority seats and formed a government [60, 61].

The policies of government and stability if political parties have included on it. The ideological inclination of political parties, personal interest in politicians, the influence of party forums etc. create the political environment. For example, Because of the support of politics, Bangalore has established itself as the most important centre of India [62].

There are a lot of factors affecting the business environment from polices in India. Vote bank issues politics influence from the ruling government. Some of the main factors that affect the political environment [57-60]: -

(1) General initiatives

Business environment policy was the some of the first political initiates in India.

(2) Deregulation

In India, there has some Act made by India government let's do the business freely.

(3) Taxation policy

Indian tax system is a well-developed structure with a three-tier federal structure, State government, Urban and Rural local bodies and comprising the union government. In three-tier of government includes the power to levy taxes and duties, In accordance with the provision of the Indian constitution. The Sales Tax and Service Tax, Income Tax income, Central Excise, Customs duties, those are The main taxes/duties that the Union Government is authorized to levy. Recently India has implemented a new tax system called GST (Goods and Service Tax), It is an indirect levied tax system based on the sales of goods and services. It has five

tax slabs of goods and services for collection taxes, 0%, 5%, 12%,18% and 28%. Alcoholic and petroleum products are separately taxed by the individual state governments. There are some of the other taxes are a special rate of 0.25% on harsh precious and semi-precious stones, and for gold is 3%. In addition, a cess of 22% or some of the other rates are at the top of 28% GST applies on a few goods like drinks and branded luxury cars and tobacco products.

(4) Privatization

For the management enterprises reduction of the political interface, dominant to improved efficiency and productivity. In India, the enterprises will turn for privatization only when their performance got bad or facing a lot of issues.

(5) International trade regulations

Only for the foreign trade, India has been changing their International trade regulations.

(6) Government stability

A few years ago the Indian government was stable for one decade. If the government has no stability, then no one will come up with an interest in investment.

(7) International stability

Which means peaceful national conditions like no wars, like Iraq they make uncertainty in the market, and not any country home problems.

4.1.2 Economical Factors

Following things are included in economic factors that change in taxation, economic growth, the rate of interest, the rate of exchanges and inflation. Firms behaviour can change by the changes in the economy [63]. For example:

- When the higher rate of interest, it may prevent investment due to the high cost of borrowings;
- If the currency rate is good enough it can make exporting more complicated, the reason behind in it is raising the price in terms of foreign currency,

- Due to inflation, it can incite raising costs and increasing wage demand can happen,
- An increase in demand for the firm's products due to higher national income.

For solving economic problems in India, the Indian government has taken several steps, it includes controlling of state government to certain industries, reduction of the importance of the private sector and central planning. Some of the main aims of Indians development plans are:

- A rise in the standard of living through begin rapid economic growth, and reduction of poverty and unemployment.
- Become self-subservient and make a strong industrial base with attention on heavy and basic industries.
- Reduction of discrimination on income and wealth.
- Acquire a socialist model of development based on equality and resist exploitation of man by man.

The Indian government announced a new industrial policy in 1991 July as the part of economic reforms, following are the some of the features of this policy [64, 65]:

- Reduced the number of industries under mandatory licensing to six.
- The Case of many public sector enterprises was disinvestment carried out.
- Liberalized the policies for foreign capital. Increased the share of foreign equity participation and in many activities, and permitted 100% of FDI (Foreign Direct Investment)
- Automatic permission to foreign companies for technological agreements granted.
- Set up FIPB (Foreign Investment Promotion Board) for promoting and channelizing foreign investment in India.

India has a continuously improving economic factor. The Gross Domestic Product, Purchasing Power Party is estimated at about 9.447 trillion US dollars in 2017. And the growth of Gross Domestic Product was 7.1 % in 2016. India has the third highest

purchasing power in the world it is near to Japan and behind U.S and China.

In India, its nearly doubled the foreign direct investment (FDI) when we compare with last two decades it comes up to 42 billion USD, which was 1.9% of GDP from 2016 to 2017. There is a slow economic growth to a four year low of 6.5% in 2017 to 2018, Because of the poor performance of Modi-led government, it has affected the performance of agriculture and manufacturing sector. The Gross Domestic Product(GDP) was 7.1% in 2016 to 2017 and 8% in the preceding year. From 2014 to 2015 it was 7.5%.

The long-term overview of the Indian economy is positive because of the following reasons, young population, corresponding low dependency ratio, good savings, good investments rate, and for the global economy increased integration. Some of the other factors are Inflation, Globalization, Interest rates, Financial markets, Money supply, Competitors pricing, Credit control.

4.1.3 Social Factors

Demands for a firm's product can be affected by the changes in social trends and willingness of individuals to work and availability of workers. In India the ageing population, this is becoming a reason to increase the firms cost on retirement peoples as much as they live longer. Due to some of this reason, few of the firms started hiring older workers to tap into a growing labour pool.

Here it showing the characteristics of the society in which the organization exists. Beliefs, lifestyle, literacy rate, customs, values, the mobility of the population and demographic features are part of the social environment [66].

Table 4. Human Development Index of Selected Countries Including India. Source: UNDP Human Development Report 2011.

Human Development Index (HDI) Data for Selected Countries-2011							
HDI Rank	Country	HDI(2011)	HDI(1980)	HDI Increase(1980-2011)	Life Expectancy at Birth(years)	Mean Years of Schooling (years)	Gross National Income(GNI) Per capita (constant 2005)
Very High HDI Countries							
1	Norway	0.943	0.796	18.5%	81.1	12.6	\$47,557
2	Australia	0.929	0.850	9.3%	81.9	12.0	\$34,431
3	Netherland	0.910	0.792	14.9%	80.7	11.6	\$36,402
4	U.S.A	0.910	0.837	8.7%	78.5	12.4	\$43,017
28	U.K	0.863	0.744	16.0%	80.2	9.3	\$33,296
High HDI Countries							
48	Uruguay	0.783	0.658	19.0%	77.0	8.5	\$13,242
56	Saudi Arabia	0.770	0.651	18.3%	73.9	7.8	\$23,274
57	Mexico	0.770	0.593	29.8%	77.0	8.5	\$13,245
84	Brazil	0.718	0.549	30.8%	73.5	7.2	\$10,162
92	Turkey	0.699	0.463	51.0%	74.0	6.5	\$12,246
Medium HDI Countries							
101	China	0.687	0.404	70.0%	73.5	7.5	\$7,476
103	Thailand	0.682	0.486	40.3%	74.1	6.6	\$7,694
113	Egypt	0.644	0.406	58.6%	73.2	6.4	\$5,269
124	Indonesia	0.617	0.423	45.9%	69.4	5.8	\$3,716
134	India	0.547	0.344	59.0%	65.4	4.4	\$3,468
Low HDI Countries							
143	Kenya	0.509	0.420	21.1%	57.1	7.0	\$1,492
145	Pakistan	0.504	0.359	40.4%	65.4	4.9	\$2,550
146	Bangladesh	0.500	0.303	65.0%	68.9	4.8	\$1,529
156	Nigeria	0.459	NA	NA	51.9	5.0	\$2,069
172	Afghanistan	0.398	0.198	101.0%	48.7	3.3	\$1,416

Knowing the moving direction of society to the managers is the very important thing for formulating progressive policies so the managers will put more focus on changing social scenario.

India has the second position in most populous countries in the world and population is over 1.1 billion people. We can classify the total population over India following categories. 0 to 14 years is 31.8%, 15 to 64 is 63.1%, above 65 years is 5.1%.

There has a Working condition, Attitude to work and leisure, Standard of education and skills Population demographics, Income distribution, and Mobility.

New Delhi: According to UN report (UN Development program) 2016 March 21 they released Indian ranks 131 out of 188 when it comes to HDI (Human Development Index),

Table 4. It includes the medium category. There are three main dimensions are there on an index that is life expectancy at birth, gross national per capita and means a year of schooling [66–68].

4.1.4 Technological Factors

New products and new processes can happen only through new technologies. Autonomous machines, 3D printing materials, V2V (vehicle to vehicle), communication, High definition TVs, Online gambling these all are making technical advantages in markets. Following are the some of the other trends happened through better technology that QR (Quick Response) code, online shopping, computer-aided design. The benefits of technology are it can reduce the costs and improve quality and lead to innovation. These developments can help both customers and the organization as well. In India, 4G technology is started. A heavy infrastructure for bandwidth. Following are the main ISP (Internet Service Provider) in India, BSNL (Bharat Sanchar Nigam Limited) and Reliance. They both have the more covered city with an optical fibre. India has many other technological projects. There a lot of good IT service providers in India, TCS (Tata Consultancy Service) and Infosys is more popular among them. Nowadays India has a big market for the mobile phone sector, there are 5 to 7 service providers exist and new operators launch their services soon [66, 68, 69].

4.1.5 Legal Factors

Following are the related things to the legal environment in which operations of firms. In the last decade, there have been some of the significant legal changes have affected the firm's behaviour. Increased minimum wage and great requirements for firms to recycle

are examples of relatively recent laws that affect an organization's actions. Firm's costs and demand can have affected by legal changes [66].

Here is the some of the legislation passed by the parliament and state legislature. This kind of legislation respectively pointed at business activities include the trademark Act1969, 1955's Essential Commodities Act, 1969's Standards of Weights and measures Act, Consumer Protection Act 196.

In India for state government or the central government takes many types of permissions. Some kinds of Acts are following that copyright permission, license permission, and many types of other permissions.

(1) Monopolies Commission (2) EU and international laws (3) Trade and product restrictions (4) Health and safety regulations (5) Employment law [70–72].

4.1.6 Environmental Factors

In environmental factors, we can include climate and weather changes. The changes in temperature can affect many businesses like agriculture and other farming, tourism, and insurance as well. The main reason for the climate changes is global warming and greater environmental awareness this external factor is becoming an important issue for firms to consider. in many industries such as the travel and transportation business having an impact on the expanding motive to protect the environment. (For example, the success of hybrid cars and more taxes from air travelling) and the general initiatives for eco-friendlier products and processes affecting the quantity of demand and creating new business possibilities [66–68].

In India there are a lot of environmental issues are there and these are in many kinds, but more important for the environment. The abiotic factors and their interaction with one another, biotic factors as well. For the industrial organization, some conditions are necessary to have pollution-free industrial activity [73–75].

Indian air quality is seriously degraded due to the emergence of Industrialization and Urbanization. Because of the indoor and outdoor air pollution, there are 3 million

premature deaths are happening each and every year in the world, India has the highest level in that.

- (1) Waste disposal
- (2) Pollution issues
- (3) Environmental pressure groups
- (4) Noise controls
- (5) Planning permissions.

4.2 International Trade Between India and the Czech Republic

India is a country with the largest resources by its geographical area. Before the establishment of the British Empire, India was famed for remarkable wealth since the ancient times. The trade in Indian history has a major account about inside trade in medieval India by the foreign travellers. The core part of the trade was in Delhi, because of the well-maintained infrastructures, it helped to better domestic trade. One of the other main sources of transportation was the riverways. India's exports were seen too far exceed Indian imports both in the number of items as well as in volume. Through the Red Sea and the Mediterranean ports, the Arabs use to ship India goods to European countries. In India history, the foreign trade was done through both local and foreign merchants. We can only imagine the degree of the India foreign trade during the medieval period. Even though India always enjoyed the good balance on India trade relation with other countries. Because of the huge export to other countries with commodities the state's treasury was stocked in the form of gold and silver [70–76].

During the 18th century check the trade history of India a forceful change brought in the political situation. In this period the Mughal system declined by power. The growth of the British power changed the welfare of the country in the 18th century. They made a lot of modification like heavy duty on import and export to destroy the trade relation between India and other countries [77–79].

In 1947 India gained the independence from British peoples. Afterwards, India struggled a lot to full fill all the needs of the growing population of the nation. The last few decades the Indian history has struggled to make the manufacturing capacities to become self-sufficient. And the government has been trying to inducing the economy from underdeveloped to become developed one.

At per cent, India economy is over at a trillion. Following are the some of the Indian commodities that sharing with the world, Indian khadi cotton, Bombay Duck, Indian spices, Darjeeling tea, Kashmiri carpets and some dried fruits. The economic situation is improved in urban areas and also in semi-urban areas. And educations are even the hardest thing in rural areas. Increasing the reachability of the goods from many different parts of the world has increased the trade with other countries [77–81], Figure 8.

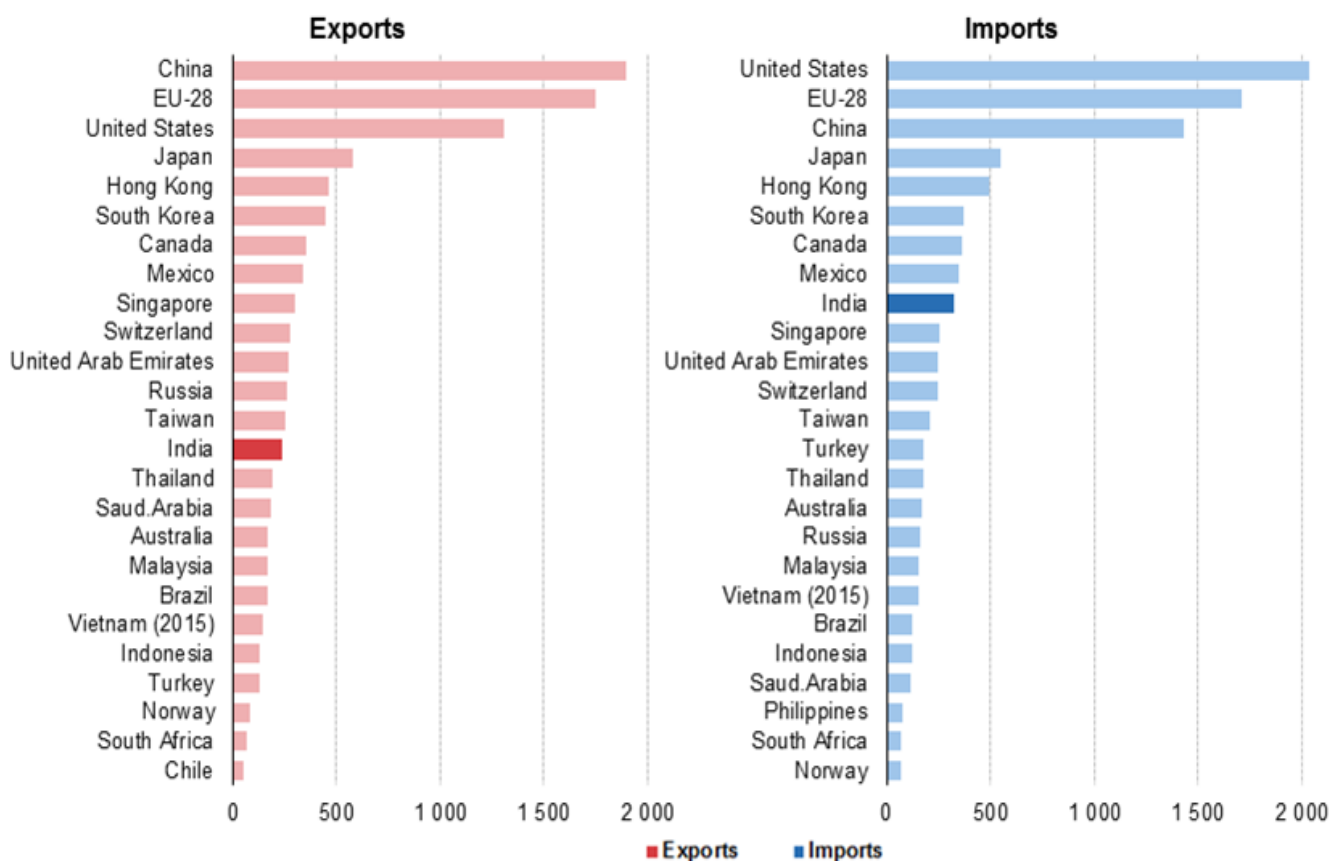
India with the Czech Republic has a long history with Indian trade and cultural relations. The kingdom of Bohemia (currently attached with the Czech Republic) Traded with India in the medieval ages. In the historical records saying that Indian goods including species were brought to Czechoslovakia. And they used to ship through east marine and land routes in early 9th and 10th centuries. There had a lot of Sanskrit scholars in Charles University (one of the oldest university in central Europe) in Prague during the Astro- Hungarian Empire.

With the frequent transfer of visits by political leaders, artists, businessmen, and academicians the relation between two countries looks after to strengthen. For the better r broad process of knowing about India and making of good contacts with Czechoslovakia and India was induced and stimulated through frequent visits of prominent India scholars, politicians, Journalists, and artists in Prague anther parts of Czechoslovakia. The interpersonal contacts helped to establish more possibilities for bilateral trade. In 1920 in Bombay (now Mumbai) was opened consulate of Czechoslovakia and later in Calcutta, this also helped to increase the trade relation.

The relation between Czechoslovakia, and with the Czech Republic has been always strong and friendly. Nethaji Subash Chandra Bose visited Czechoslovakia many times in between 1933 to 1938, he was the Indian leader at that time. In 1934 he implemented Indo- Czech association and had met with Edward Benes many times as a Foreign minister and precedent. And in 1938 Jawaharlal Nehru visited Prague with his daughter Indira Gandhi and afterwards shaped the strong judgment of the 1938 Munich pact by the Indian nationalist movement. In November 18-1947 established diplomatic relation between India and Czechoslovakia [82–84].

Figure 8. Top 25 Importers and Exporters in the World, with India Bold,2016.

Source: Eurostat (online data code:ext_it_introle)



4.2.1 Economic Relations

More than one billion US dollars announced for the bilateral trade since 2012. and by the bilateral trade the turnover was 1208 million US dollars in 2015 with balance slightly in India's favour that is export of India was 667 million US dollars and import was 541 million US dollars. A steady growth had shown in the Indian export in footwear's, electrical machinery, road vehicles, power generation machinery, textiles, iron, steel are some of them [66–68].

In some sectors like IT, textiles, Alok industries, vehicles, tea auto companies, invested in Indian companies in the Czech Republic. And Indian companies have a good investment in the Czech Republic as well for example Ashok Leyland, Lloyd Group, Tata tea, Glen Mark Pharmaceuticals, Infosys, PMP Computer ltd are the some of them. In

India, there is a number of new and prospective investors are done following are the some of them, Skoda auto, Tatra, Skoda Power. And also in machinery, transportation, automotive sectors and power sector as well.

In October 1998 the double taxation Avoidance Agreement was signed. In June 2010 during the Indian vice president, a Social Security Agreement between India and the Czech Republic and protocol an Amendments to BIPPA (Bilateral Investment Promotion and Protocol Agreement) as well as Agreement on Economic Cooperation were also signed. India is requested to renegotiate the BIPPA agreement which is under the consideration of the Czech Republic. Czech Republic airline doing the direct civil aviation to India to Mumbai airport. In 1997 a bilateral air service agreement was signed [85, 86].

4.2.2 Scientific and Cultural Corporation

During the visit of president Shanker Dayal Sharma in 1996 was concluded an agreement upon education and science, corporation in culture. The exchange between two countries are welcomed by both of the countries, educational institutions in Czech especially technical universities and medical colleges are shown much interest in exchange programs with correspondent Indian institutions. And the Czech Republic also welcomed more of Indian students who go abroad for bachelor, Master and PhD program studies. Still, both countries keep dealing with educational and scientific exchanges. There has an agreement of Corporation Council for Scientific and Industrial Research (CSIR) and the Czech Academy of Science (CzAS). CzAS also has an agreement for a corporation with Indian National Science Academy (INSA) [87, 88].

In 1850 the Charles University had a very old Indology tradition, started with the establishment of a chair in Sanskrit. Otakar Pertol an Indologist was Czechoslovakia's first council in Bombay in 1920. Endorsed a rapid expansion in Indian studies under the guidance of Vincen Lesny at the time of world wars, He was the personal friend with Rabindranath Tagore.

Many Indian languages, for example, Tamil, Hindi, Bengali, Sanskrit, literature, history, and culture, is the part of education under the Institute of Indian studies at the Charles University. In the Czech Academy of Science has an attitude of doing research in

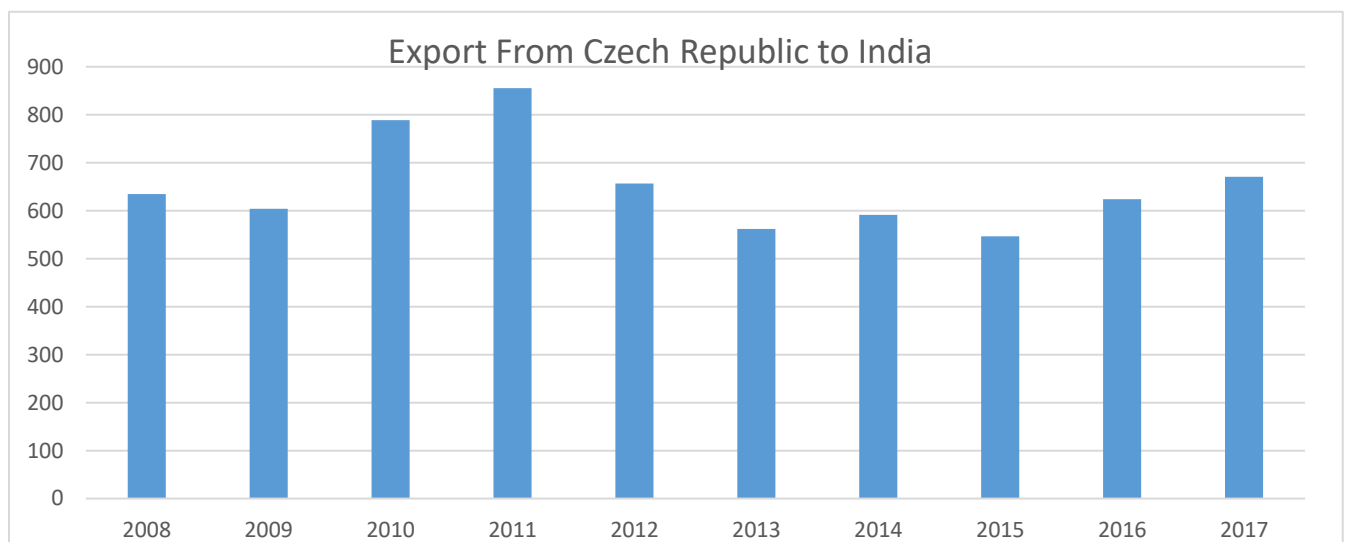
Indian languages, culture, literature, history, politics, etc. Those students who want to study in India has 5 ITEC scholarships in India [89, 90].

4.2.3 Goods Exported from the Czech Republic to India

Through the continuous exchange, the two countries are trying to maintain good economic relation and business reputation. More than one billion US dollars has amounted to the bilateral trade since 2012. Following are the major Indian import items, Organic chemicals, Boiler and electrical machinery, Telecommunication and sound recording equipment's, machinery specialized for particular industries, Road vehicles, Rubber materials, General industrial machinery, and equipment [91–93], Figure 9.

Figure 9. Export from the Czech Republic to India

(Source: Indian Embay Czech Republic, Prague). Amounts in Millions US dollars.



4.2.4 Goods Exported from India to the Czech Republic

Main items which India exporting to the Czech Republic are Power-generating machinery and equipment, Iron and steel, Medical and Pharmaceutical products, Articles of apparel and clothing accessories, Footwear, Textile yarn, fabrics, Organic chemicals, Miscellaneous manufactured articles. At early 2008 the export from India to the Czech Republic was around 500 Million US Dollars Figure 10 and afterwards, it slightly started

to increase until 2011, then after it started to decrease due to the economic conditions of India. In mid 2013 it started to increase again as like before and when we check it on 2017 we can see that the rate is almost 800 Million US Dollars [92, 94].

Figure 10. Export from India to Czech Republic (Source: Indian Embay Czech Republic, Prague). Amounts in Millions US dollars.

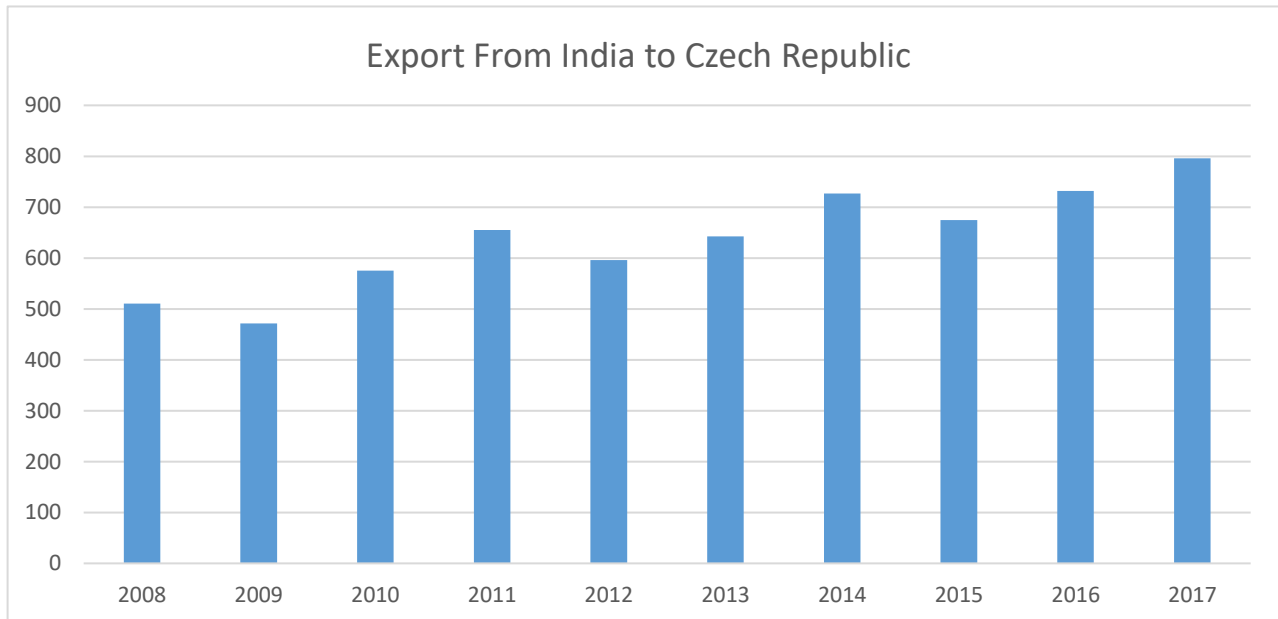


Table 5. 5 Export from India to Czech Republic (References from Indian Embay Czech Republic, Prague) Amount in Millions US dollars. This table is the extracted form of Figure 10 for making better understanding.

Year	Indian Export To the Czech Republic	Indian Import From the Czech Republic	Total Trade
2008	510.6289	634.839	1145.467
2009	471.796	604.238	1076.034
2010	575.077	788.514	1363.591
2011	655.110	855.151	1510.262
2012	596.003	656.308	1252.311
2013	642.290	561.740	1204.030
2014	727.079	591.004	1318.083
2015	674.712	546.455	1221.166
2016	731.544	624.107	1355.651
2017	795.740	670.615	1466.355

4.3 Development of International Trade Between India and the Czech Republic

In 2012 India was the partner country for the international engineering among the 113 strong company participation. Since 1930 India has had industry association with the Czech Republic with setting up of Bata operation. In the Automotive manufacturing has a mainstay with the both India and Czech Republic. Since last decade Tatra and Skoda Czech companies have been working in India. In the Czech Republic, the Indian companies Motherson Sumi and Ashok Leyland have been working on.

For the manufacturing of good strength machinery, casting, forging, steel the Czech Republic has a substantial tradition in technology. Same time India is looking at increasing demand for Czech technology and manufactured products, and engineering wealth can accomplish the demand. In 2015-2016 the total Indian export of 523 million US dollars to the country considered for 413 million US dollars [93, 95–97].

Indian business catches a possible investment and good business destination over the Czech Republic. All over the European Countries, Czech Republic is the only one country who has 4.6% positive GDP growth rate registered. The industry continues to remain the biggest employer and effective sectors. The country has itself good favourable situations to motivate the industry. Because of these reasons the country imitated on the 27th world bank ranking. The peoples who willing to invest in foreign countries, clear incentives, a highly skilled workforce, modern infrastructure can make the Czech Republic an attractive target for Indian companies. If we are asking why the Czech Republic? The answer would be the country Czech Republic is centrally located and it can make the gateway possible to the Eastern Europe and other parts of Europe as well. Through the Czech Republic as a member of the European Union, the investing company can get to over 500 million people. So through the Czech Republic, the Indian company can reach out to a larger market [98].

Due to the strong engineering and defence, the Czechia is known traditionally well. For the corporation in engineering and defence, India have had a formal mechanism in this two areas, joint working group on heavy engineering and advanced manufacturing and India - Czech joint defence. For India, these two groups were been working over the

last three to five years in the two very important sectors for giving an overflow to the corporation.

In the Czech Republic, the economies have got good contributions from the side of manufacturing. Following are the some of the reason behind the Czech Republic it includes machine engineering, chemistry, heavy engineering, mining, food processing energy. India is given many investment opportunities to the high tech manufacturing sectors as a part of the make in India program [98, 99].

4.3.1 Defense Corporation

In the case of defendant corporation, the excellent performance in this industry has already occupied by the Czech Republic and boast of state of art products in Nuclear, Biological, Chemical(NBC) equipment's for the defense, Intelligence in active and passive electronic, Aircraft trainer, Logistics, and field medical camps, Radars, Surveillance system for the defense, High mobility and strong-willed vehicles, Improved Soviet-era tanks. These are the new set up by India in the field of the defence, For the Czech Republic companies, there are the broad opportunities for the investment and the corporation field. For the heavy industries, India and the Czech Republic are joined with the concentration of industrial and facilities construction, and also signed with the protocol for inducing the bilateral relationship between two countries. A negotiation can be possible in this protocol by both companies to promote the business relationship [100, 101].

4.3.2 Technology Centers and Business Support Services

In the field of Technology Centers and Business Support Services, In the last few decades, the Czech Republic has acquired good achievements in business support services. It combines follows Research and development, Customer contact centres, Software development, Shared service centre, High-tech repair and design centres, Expert solution centres. India has big opportunities for collaboration for offering these services because India is well known for this proficiency.

In the late decade, the Czech Republic has increased spending on research and development. There a lot of benefit like European funds has got to the Czech Republic from the European Union after got the membership to the European Union. This can be

helpful for the innovation or other researchers on infrastructure facilities. In the field of research development, India has also a world hub for research and development and innovation. India is delivering world-class quality scientific research and engineering in the world. Still, there is space for both companies to share their facilities in some of the areas of innovation and research [102, 103].

Some of the other areas where the both countries' companies can combine, Automotive sectors, Food and processing, Civil and aviation, Mining and skill development, IT and ITeS (Information Technology Enable Service).

Both countries have their own future strategic visions, The Czech Republic is very big at solar and nuclear and India has a plan for 2022 itself for making this as a possible sector for the association [103, 104].

4.4 Helpful Business Advises while Setting up a Business in India

Following are the some of the guidelines who supposed to open a business account in India. These guide lines can make the way of investor more easier [105, 106].

- While the inquiry Choose a convenient legal and tax form.
- At the time of reviewing all the contracts make sure an existence of the legal and tax firm.
- For minimizing the risk plan a financial and due diligence and legal on any possible partner.
- For the protection of the intellectual property follow legal advises from the authorized peoples. It can help to avoid the issues related to the copyrights and the intellectual property.
- Grant a sufficient time period for deciding the partners. Before finalizing the agreements, the companies in India would like to make a good relationship.
- For the working through the legal problems, be ready to have a strong negotiation. The situation can happen anything but before that be creative, polite, and also be ready to say no.

4.4.1 Alternatives for Establishing a Business Concern in India

The companies who wanted to make business in India with the corporation may wish to initiate a formal presence in the market. Within the regulations the Czech companies are aiming for an on-ground presence in India, it can help to ensure a convenient business structure [107–114].

4.4.1.1 Investing in Indian Companies

For doing business in India by the foreign entities for a long-term period like both service and manufacturing sector, usually select to set up their existence through the WOS (Wholly Owned Subsidiary) or a JVC (Joint Venture Company) route as it gives long durability, flexibility, and other good legal foundations. And also with the help of entry condition investments by non-resident persons are allowed in the capital of a resident entity in some sectors. But lock-in period, minimum capitalization norms included in that conditions.

Wholly Owned Subsidiary: Under the Indian Companies Act 1956, a proposed foreign can set up a private or public limited WOS.

Joint Venture Company: Under the India companies Act 1956 a proposed foreign investor can start up a public or private limited company as a joint venture with the local Indian partner company.

Following are the some of the regulatory routes under the FDI policies for the investors.

4.4.1.2 Government Route

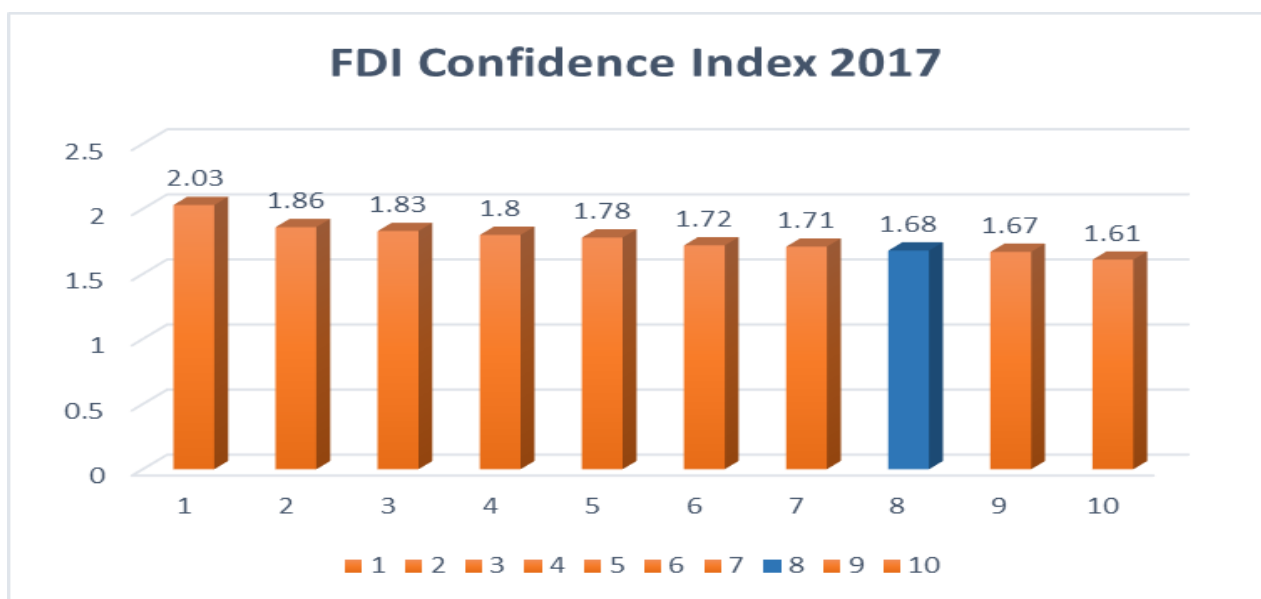
It is necessary to get Indian government grand in those investments that do not fall within the horizon of under the ‘prohibited’ and ‘Automatic route’ sector fall within the boundary of the ‘Government Route’. For example, Telecom sector, Defense sector, Single product retail trading, Private security agencies, the investments within these sectors are some of the examples. And these are restricted and exceed and obtain a previous Government grand of the Foreign Investment Promotion Board. More about under the FDI policy its allowed only up to the equity caps in such Indian companies’ by foreign investors.

4.4.1.3 Automatic Route

There is no need of any previous grant either by the RBI (Reserve Bank of India) or Government of India for the Foreign Direct Investment which is permitted by Automatic Route. For the Automatic Route under the FDI is generally permitted in most of the service sectors and industries, with the omission of some specific restricted sector such as lottery business, atomic energy, gambling so on. And in Air transport services, Civil aviation Sector and Ground supervision services and many more are some other sectors/activities restricted to a sectoral cap.

Following are the Top retail companies in India: - India has occupied an important position in the global ranking of retailers; The country has a high market potential, low economic risk and moderate political risk. India is expected to become the third largest consumer economy in the world, reaching \$ 400 billion by 2025, according to a study by the Boston Consulting Group. India ranks first in the 2017 Global Retail Development Index, supported by the rise of the middle class and the rapid growth of consumer spending, Figure 11. The Department of Industrial Policy and Promotion (DIPP) has approved three foreign direct investments (FDI), Mountain Trail Food, Kohler India Corporation and Merlin Entertainments India in the single-brand retail sector.

Figure 11. Top Retail Companies in India. Source: AT Kearney 2017 FDI Confidence Index.



- 1) The United States. 2) Germany. 3) China. 4) The United Kingdom. 5) Canada.
- 6) Japan. 7) France. 8) India. 9) Australia. 10) Singapore.

Also at the same time there a lot of other sectors FDI gives permission to invest 100% in Automatic route but the subject to suited laws or regulations, security and other conditions.

4.4.2 Foreign Technical Collaboration

With the omission of some sectors, the Foreign Technical Collaboration is allowed. Following are the some of the permitted foreign partners by the Indian companies without any limits that lump sum fee for the transfer of technology, payment for royalty and payment for use of a trademark or brand name in terms of foreign technology collaboration agreement [112, 115].

4.4.3 Incorporated Indian Entities

For the better Foreign Direct Investment, a proposed foreign investor can examine the following options for buildup incorporated Indian entity [116, 117],

- a) Limited Liability Partnership – LPP
- b) Indian Limited Liability Company

4.4.3.1 Limited Liability Partnership

Limited Liability Partnership cab is based on Indian investment regulations, Under the Limited Liability Partnership Act, 2008 a proposed foreign investor can begin business in India by incorporating a Limited Liability Partnership. A Limited Liability Partnership is describing the structure of the corporate and that combine the advantages of limited liability of a company at a minimum included cost and flexibleness of a partnership. On the basis of a jointly arrived agreement, it is a possible choice corporate business agent that gives the benefit of limited liability of a business, but it lets the members the flexibleness of coordinate their internal management, as is the case in a partnership company.

4.4.3.2 Indian Limited Liability Company

It is possible to set up a Limited Liability company in India as a WOS (Wholly Owned Subsidiary) and JVC (Joint Venture Company)

4.4.4 Unincorporated Entities

An entity not incorporated in a company has not obtained the formal corporate by-laws status. An entity not incorporated in a company will generally be a separate entity for accounting purposes, but may or may not be a separate legal entity. ... a branch of a foreign company not registered in Australia (often the name ends in a company) [118, 119].

- a) Partnership Firm or Proprietary Concern,
- b) Establishing an Office of a Foreign Company in India.

4.4.4.1 Partnership Firm or Proprietary Concern

A PIO (Person of India origin) or NRI (Non-Resident Indian) inhabiting outside of India, those peoples can also invest in the capital of a proprietary concern or a partnership firm in India on a non-reinstatement basis. The RBI (Reserve Bank of India) is letting investors with repatriation option. In any plantation business or agricultural activity, print media, proprietorship concern or in a firm is not allowed by a PIO or NRI persons. It's possible to pursue the previous approval from the Reserve Bank to make the investment in a proprietorship concern or the capital of a firm or association of persons in India. The Government of India has the full of the right to make a decision on it with the consultation as well.

4.4.4.2 Establishing an Office of a Foreign Company in India

The exchange control regulation is governing the outside and inside investments, if India, the reserve bank of India has the authority to regulate this, this is the exchange control authority and country's central bank. Following are how a non-Indian company can find a space in India business under the certain regulations,

Table 6.

- Project Office
- Liaison Office or Representative Office
- Branch Office

Table 6. Options for Establishing a Business Presence in India [117,118].

	Definition	Approval	Permitted Activities	Suitable for
Project Office	For executing specific projects set up offices in India. These offices cannot launch or carry on any activity other than the action relating and ancillary to the execution of the project. The project offices may address outside of India the surplus of the business on its fulfilment	To set up a project office is needed a general permission, subject to the comfort of the recommended condition. Approval from RBI is required	Only works related to project	Execution Of the project
Liaison Office	Representation office in India for liaison between head office and entities and principle place of business	Required RBI approval	Promotion, Representation acting as a communication channel	Building customer network, market awareness

Branch Office	In India, its allowed to set up a branch office those foreign companies who engaged in manufacturing and trading business in abroad already. The profit from the branch office may remit outside of India.	Required RBI approval	Trading, research work, professional consulting work, airline or shipping services, export, and import, rendering technical support	Deeper customer engagement substantial potential business, Extensive marketing and distribution
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4.4.5 Indian Outside Repatriation Profits

In India, foreign capital investment is generally allowed to be repatriated counting with capital appreciation. If there have any further payments like due taxes on them, given the investment was made on a repatriate basis. The repatriation is, Under the foreign direct investment control regulation is there any lock-in a situation that could be suitable for the industry sector.

Following are the some of the repatriation of dividends: - Dividends, the due amount after the payment of taxes is repatriation in the form of profit and dividends in India. For the remittance, there is no need for RBI permission. The remit dividend has been designated by the authorized dealers. According to the Income Tax of the India provision section 1150, any amount paid by the approach of dividend or declared, distributed is subject to(DDT) Dividend distribution tax. Dividend distribution tax not either confining tax income from the dividend and not a taxes from the company’s profit from which dividend is announced. For the dividend distribution tax relies on or tax credit is not applicable and for repatriation of the dividend.

Some of the other remittances are The branches if it is situated in India by the foreign company there is no need of the previous grand of is required to omit profits and

project offices of the company to their head offices outside the country. In India its permitted for the remittance from the conclusion process of a branch of the foreign company, this will be needed the desired procedures and submission of all required certificates with the authorized bank. Even though the remittance will be affected omission of all applicable taxes. It will include various remittance are allowed for some items like legal expenses, gifts, maintenance, repair charges for imported machinery will affect the recommended limits and regulation [120, 121].

4.4.6 Taxation in India

India is looking forward to facilitating economic activities as a part of globalization and reforming its tax system and policies.

There is 40% plus 3% surcharges are there as a part of the corporate tax to set up a foreign company branch office in India. And levies 40% at a rate of 2% and 5% is an additional surcharge are there if the net income exceeds 10 million Indian Rupees and 100 million respectively. Under the tax law, the net tax rate may be lower than this on accounts of several deductions and dispensations are available. To set up for making the industry globally competitive, the SEZ (Special Economic Zones) the tax holidays are available. The special tax omission is enjoying some of the infrastructure sectors.

A business whether set up as Proprietorship, LPP or partnership and if this having foreign investment then the tax rate 30% plus 3% surcharge is effective. And Lived as a surcharge of 30% at the rate of 10% if the net income exceeds 10 million Indian Rupees.

A tax rate 30% plus surcharge 3% is there for Indian companies having foreign investment whether it set up by Joint Venture Company or Wholly Owned Subsidiary. If the net income over the 10 million Indian rupees and 100 million Indian rupees then there is an additional surcharge is levied on 30% at the rate of 5% and 10% respectively. In addition, the handling of dividend by an Indian company may also attract dividend distribution tax [10, 122, 123].

4.4.7 Licensing

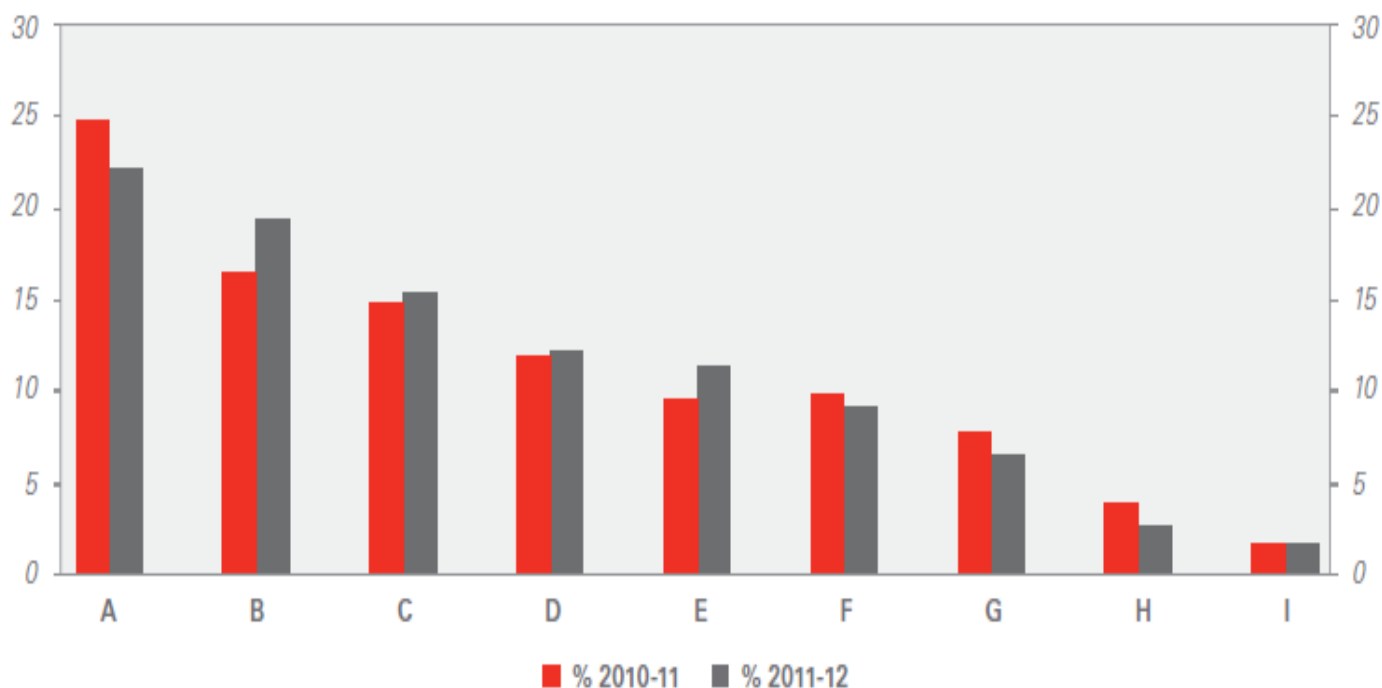
For an organization, it is necessary to get a license to utilize all the intellectual property rights of copyright, patent, trademark, trade secret. Following are the some of the kinds of licenses in India [124–127]:

- Patent License
- Non-Exclusive License
- Franchise License
- Trademark License
- Exclusive License

India's top commodities export in 2011-2012

The country which is one of the so-called BRIC economies is recognized as one of the leading emerging national economies and is currently the world's eighteenth largest export economy. The growth helped to create a negative trade balance that has been steadily expanding in the last fifteen years, moving from a positive trade balance of \$ 340 million at the beginning of this period to a negative trade balance of \$ 88.1 billion in imports net. The per capita GDP for India is \$ 6,570, ranking it in 72nd out of 89 countries. We can have a look at the main commodities Figure 12, which India sharing with European Union is showing the below graph in percentage.

Figure 12. Indian Main Exporting Commodities in 2011-2012, Source: Compiled from Ministry of Commerce and Industry and DGCI&S data (April - Dec 2011-12)



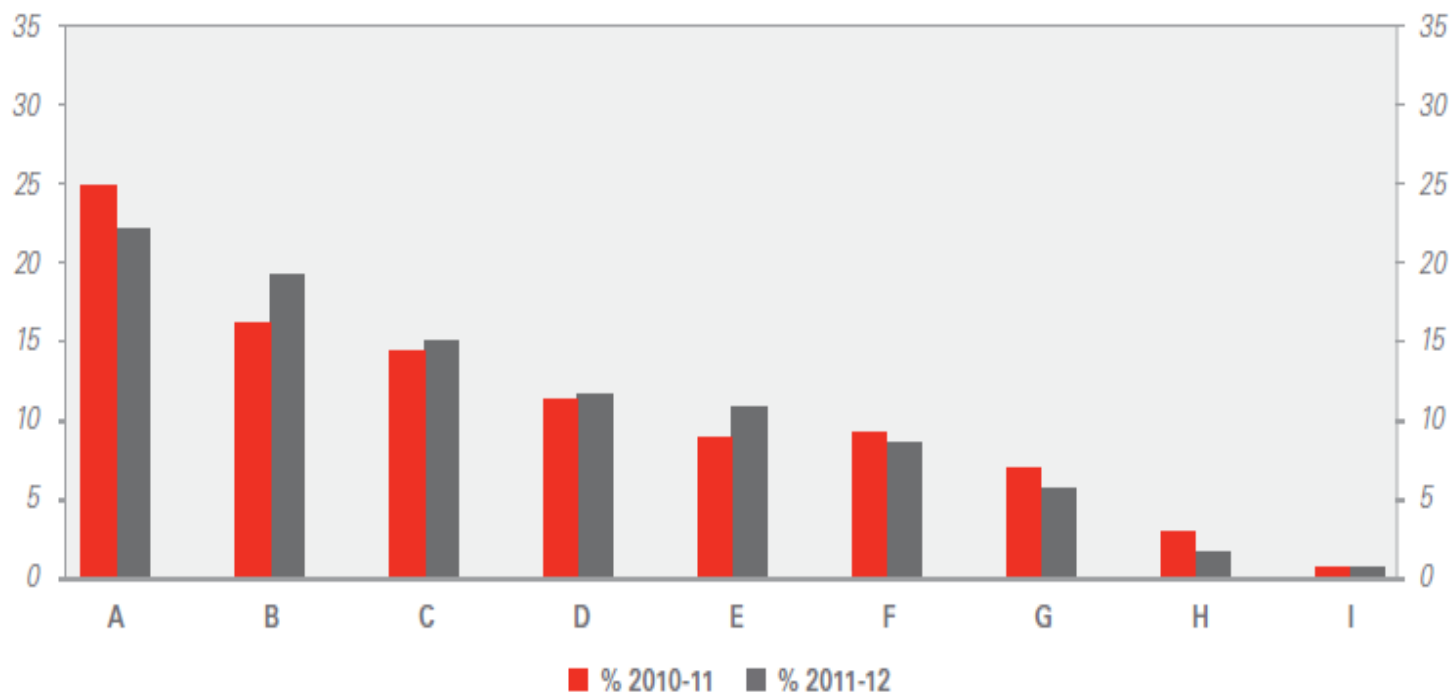
- A- Engineering Goods,
- B- Petroleum Products,
- C- Games and Jewelry,
- D- Chemicals and Related Products,
- E- Agricultural and Allied Products,
- F- Textiles and Textile Products,
- G- Others,
- I- Leather and Manufactures.

India's top commodities import in 2011-2012

The main source of imports from India is China, followed by the United Arab Emirates, Switzerland and Saudi Arabia. The United Kingdom ranked 21st in 2011-12 and India imported a total of 7,700 million dollars. In the six months so far recorded for 2012-13, the United Kingdom has lost a place and has a share of 1.4% of India's import sources

Figure 13. Here we can see that what are the main commodities India importing from Europe with the help of the graph, the measurements are in percentage.

Figure 13. Indian Main Importing Commodities in 2011-2012, Source: Compiled from Ministry of Commerce and Industry and DGCI&S data (April - Dec 2011-12)



- A- Engineering Goods,
- B- Petroleum Products,
- C- Games and Jewelry,
- D- Chemicals and Related Products,
- E- Agricultural and Allied Products,
- F- Textiles and Textile Products,
- G- Others,
- I- Leather and Manufactures.

5 Discussion and Recommendations

After considering all the data, aspects of international trade between the Czech Republic and India and the processing of data received from the Czech commercial agency in India, recommendations were made.

5.1 Recommendation 1

In the post-reform period, Indian policy on private foreign capital was significantly low. Because of international trade, capital flows through direct foreign investment (FDI), portfolio investment and debt have been as restrictive as policy on the exchange of goods and services. The quotas for foreign investments were made in several sectors, up to 100% in foreign ownership, in most manufacturing sectors, with the exception of military equipment (26%) and items reserved for production by small industries (24 %). Due to the liberalization of Indian policies, international trade turns into a foreign direct investment. the main sectors that attract FDI flow to India like:

5.1.1 Real Estate

Recent structural changes, including demonetization, the repression of Benami, RERA (Real Estate Regulatory Authority) and GST transactions may have had negative impacts in the short term, but have also encouraged the entry of foreign funds that always react favourably to the signs of greater transparency, responsibility and financial discipline.

Global investors certainly approve of the new regime and their applause for government moves has taken the best possible form: a massive increase in FDI capital inflows, especially in areas such as the development of self-sufficient municipalities, housing and infrastructure support.

5.1.2 Manufacturing Sector

With the help of Make in India drive, India is on the path of becoming the hub for hi-tech manufacturing as global giants such as GE, Siemens, HTC, Toshiba, and Boeing have either set up or are in process of setting up manufacturing plants in India, attracted by India's market of more than a billion consumers and increasing purchasing power.

India has become one of the most attractive investment destinations in the manufacturing sector. Some of the major investments and developments in this area in the recent past are:

- ❖ As of May 2018, the Chatterjee Group (TCG) plans to set up a continuous polymerization unit (CP) and a spinning unit, which will act as advanced integrated units for its petrochemical subsidiary MCPI Pvt Ltd.
- ❖ As of April 2018, Rallis India, a subsidiary of Tata Chemicals, plans to carry out a backlog since its inputs have become more expensive and the measure will help the company ease the pressure on its profit margins.
- ❖ For its commercial vehicles, Ashok Leyland uses machine learning algorithms and its new telematics unit to improve the performance of the vehicle, the driver, etc.

5.1.3 Services

Following the reason makes India a great fit for international trade those are,

- ❖ Continually improving technology provisions and Source of long-term capital,
 - ❖ The main global practices brought by investors,
 - ❖ Better quality human resource capital and Increased infrastructure,
 - ❖ Reduced cost and More revenue,
 - ❖ Promotion of international trading,
 - ❖ Better services to customers,
 - ❖ Support the host country development.
- **Power Exchange**

The energy sector in India is one of the most diversified in the world. The sources of energy generation vary from conventional sources such as coal, lignite, natural gas, oil, hydroelectric and nuclear energy to non-conventional vital sources such as wind, solar and agricultural and domestic waste. The demand for electricity in the country has increased rapidly and is expected to increase further in the coming years. To meet the growing demand for electricity in the country, a massive addition to installing generation capacity is needed.

- ❖ Investment scenario: Between April 2000 and December 2017, the industry attracted USD 12.97 million in direct foreign investment (FDI), accounting for 3.52% of the inflows of foreign direct investment into India.

➤ **Banking-Private Sectors**

Foreign direct investments in the Indian banking sector are allowed up to 74% when 49% of the cap route is allowed, while FDI over 49% to 74% is allowed through the government approval route.

Foreign direct investments are allowed through 4 different channels in the banking sector.

- ❖ In public sector banks: FDI is permitted with a cap of 20% of equity,
- ❖ In private sector banks: FDI is permitted with a cap of 74% of equity,
- ❖ Branches of foreign banks.
- ❖ Wholly owned subsidiaries of foreign banks.

➤ **Pharmaceutical sector- Brownfield**

Investments in Brownfield involve the purchase or lease of existing production facilities in order to start a new production, generally carried out through mergers and acquisitions of existing companies in the country of destination.

- ❖ currently recognized as the global pharmacy for generic drugs,
- ❖ India's production cost is significantly lower than in the United States. And almost half of Europe,
- ❖ India is expected to be among the top three pharmaceutical markets in terms of incremental growth by 2020,
- ❖ 20% of generic exports worldwide, making it the world's largest supplier of generic drugs,
- ❖ \$26.1 billion in generics by 2016.

5.2 Recommendation 2

Indian people's thoughts about the products; One of the mistakes made by some foreign companies is to believe too strongly that their country of origin will contribute to the sale. Indian consumers worry about the origin of products and the image of products, but I think that, in general, the importance of the country of origin is overestimated and overestimated by foreign companies.

However, some foreign companies have done very well. Hindustan-Lever, the Indian subsidiary Unilever, is probably one of the most profitable Unilever branches in the world with an operating margin between 15% and 20%. He has been in India for over 100 years and many Indian consumers consider him simply as an Indian company.

5.3 Recommendation 3

What does the company need to know before entering into the Indian market: For many companies that are not used to emerging markets, there is often a kind of cultural shock. It is remarkable how difficult it can be for many foreign companies to adapt to the Indian market, not because they do not have the resources in terms, for example, of money for market research, but mainly because the ideas on the world that are the norms within the company it is very different from the reality of the Indian market. In fact, there is research that shows that smaller companies tend to be more successful in India than the larger ones. So it's not so much a question of resources. On the contrary, it requires a very different way of understanding the market. But the extension of the product categories, the nuances of the relationship of people with modernity, make it a particularly difficult market to understand and to be successful in many foreign companies. For everything that is said about the promise of the Indian market, it remains an extremely difficult challenge for companies that are more accustomed to Western markets.

Conclusion

The aim of this thesis was to describe current international trade between the Czech Republic and India and provide recommendations for Czech exporters on the local environment based on the experiences of Czech companies, which had already been achieved in the Indian market.

By elaborating the responses of the resources collected and after considering the Indian market demand and the possibilities of the Czech industry, it was recommended to specify and invest mainly in the following sectors: automobile production, energy trading, machinery, utility products, agriculture and pharmaceuticals. The car has an excellent growth rate in India these days because India as the fastest growing economy, the Czech automobile company Skoda has already opened its account in India and is the leading car brand in the southern part from India. However, the greatest opportunities in this sector are for Czech exporters as subcontracts or specific additional services for Western European companies. The Indian truck company Ashok Leyland subcontracts its own brake system to the Bosch company, so this is one of the advantages for Czech exporters. And even the Czech popular car manufacturers have started their production unit in India and have also started exporting their parts and even vehicles from India because of the low labour cost, this can make Skoda more profitable. However, the enormous potential is currently in transport infrastructure, where a transport network is being built, basically integrated throughout India. Due to the high financial volume of this project, Czech exporters are invited to participate as subcontractors. In the consumer goods sector, it is an advantage to know the low-priced competitors of Japan or South Korea.

The way for foreign establishments to reach India and do business has never been so easy, but thanks to the new and high policies introduced by the government, foreign investments have gained momentum. A foreign company can do business in India in the following ways: Enter as an Indian company: a company abroad can start work by registering in a public or private limited liability company under the 2013 Company Law in one of the ways described below; As a joint venture: it is possible to set up a joint venture or a joint venture with an Indian company in the association in a ratio of 51:49, where the maximum percentage is held by an Indian company or an Indian partner.

Absolute Property Controlled Company (WOS), Wholly Owned Subsidiary: This mode is open in areas where the government has granted 100 per cent FDI. In this mode, the foreign company can have 100% ownership of them. In order for companies to register, an application must be submitted to the ROC or the Business Register. Once a foreign company completes due diligence and registers with ROC, it is subject to all laws applicable to any Indian company. For example, labour law, FP, ESI, taxes, etc., All must comply with the defined Indian standards.

As a foreign company: you can also establish your base in India in one of the following ways: Liaison Office: also known as a representative office, acts as a link between the central office and its entities in India. They cannot carry out any commercial activity, their function is to study the market in India and to spread the information to the parent company. You can export or import from or to India and also help in the technical partnership between the parent company and the companies in India. Branches: this is the best option for those foreign companies that are engaged in production and marketing. It serves for the following purpose: Exporting and importing goods, consulting services, promoting technical collaboration between the parent company and other companies in India, providing IT services in India.

This thesis has brought few recommendations for Czech exporters on the basis of data collected from all sources, including websites of Indian and Czech embassies, which are already marketed in the Indian market to increase and support international trade between India and the Czech Republic. Like India, the fastest growing economy and many opportunities for Czech companies.

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