

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION

INDIA



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„THE BIGGEST BOTTLENECK LIES IN COMMUNICATION AND TRANSPARENCY“

In your opinion, how will the free trade agreement affect the interests of German companies looking to enter or expand operations in India?

The announcement of the free trade agreement, along with the symbolic images of Indian Prime Minister Narendra Modi alongside António Costa, President of the European Council, and Ursula von der Leyen, President of the European Commission, have once again – or for the first time with such clarity – highlighted the significance of the Indian market to German companies.

In the days following these reports, we have received several enquiries from clients who wanted to know how the free trade agreement should be assessed. For many German companies, it represents an additional impetus to view India more strongly as a strategic market of the future.

The agreement could generate new momentum, particularly, within companies. It provides procurement managers with additional arguments to convince internal committees of the benefits of greater supplier development in India. Investment decisions, such as establishing in-house production capacity locally, could also be accelerated.

Despite reservations regarding documentation requirements and proof of origin, the overall tone remains positive. The free trade agreement is seen by many as a clear political and economic signal: relations between Europe and India are set to be significantly strengthened in future.

What opportunities does the Startup Factory offer to German companies in terms of market entry? What advantages does the Chennai location offer?

Companies can launch their own sales, service or production subsidiaries on a small scale and with minimal risk, relying on the established infrastructure of the Startup Factory and its team in Chennai, which has extensive experience in India.

In combination with flexible office and production space available for rent, we offer a comprehensive management service package at Startup Factory India, covering all key administrative functions and tasks, from the Local Resident Director to bookkeeping. This allows our clients to focus entirely on developing the market and even local production, without the need to be India experts themselves.

Our clients benefit from the extensive experience in operational management that we have built up within the team at GPS Procurement (India) Pvt. Ltd. and which we are



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bringing to the joint venture with Startup Factory. We have in-depth expertise in collaborating with European SMEs on procurement projects, in quality management, and in supporting the establishment of sales channels and production facilities.

Chennai is one of the most attractive industrial locations in India for German companies, primarily, due to its strong automotive and manufacturing sectors, with Tamil Nadu accounting for 40% of all Indian automotive exports. Added to this are the excellent transport links, both within India as part of the Bengaluru–Chennai industrial corridor and internationally via good port connections and the international airport. Chennai offers a skilled workforce, not least because it is home to the renowned Indian Institute of Technology Madras (IIT Chennai), which is regarded as one of the best universities for engineering in India.

Based on your experience as a long-standing consultant in the supply chain sector, what kind of support do companies currently need most?

The biggest bottleneck lies not in finding suitable suppliers, but in communication and transparency. A convincing first impression, for example - at trade fairs, does not guarantee a stable working relationship in day-to-day operations.

What is therefore crucial is greater control, as well as reliable local partners on the ground who can ensure the smooth operation of Indian supply chains. Supplier audits carried out by our local GPS team, virtually using smart glasses if required, provide strategic buyers in Germany with a far more realistic insight than traditional presentations or edited photos.

WHAT IS CRUCIAL IS GREATER CONTROL, AS WELL AS RELIABLE LOCAL PARTNERS ON THE GROUND WHO CAN ENSURE THE SMOOTH OPERATION OF INDIAN SUPPLY CHAINS.

At the same time, the objective is shifting: companies are increasingly sourcing for local demand in India. The focus today is less on pure cost reduction and more on securing global supply chains through additional and alternative sources of supply.

What potential does India offer as a sourcing location, and what sectors are particularly attractive as a sales market?

India offers great potential as a sourcing location, primarily, due to its broad industrial base, competitive cost structures and a growing number of qualified suppliers. The most notable are the automotive supply, mechanical engineering, and metalworking sectors. It's also increasingly being observed in the electronics, chemical and renewable energy sectors. The country is developing into a serious alternative in the global procurement market. We are currently receiving many enquiries from the plant engineering, machinery and vehicle sectors, which are required for India's massive infrastructure expansion. Indian and international OEMs in the automotive industry are specifically approaching German suppliers. They would like to see them establish themselves as manufacturers in the Indian market.

This shows that India is not only a procurement market but also an extremely attractive sales market. With a rapidly growing middle class and increasing industrialisation, demand is rising, particularly in the automotive, infrastructure, machinery and plant, energy, medical technology and consumer goods sectors.

The appeal lies in India's ability to support local supply chain development, while simultaneously offering access to one of the most dynamic global markets.

THE APPEAL LIES IN INDIA'S ABILITY TO SUPPORT LOCAL SUPPLY CHAIN DEVELOPMENT, WHILE SIMULTANEOUSLY OFFERING ACCESS TO ONE OF THE MOST DYNAMIC GLOBAL MARKETS.

„COMPANIES NOW NEED AN INDIA STRATEGY“

What impact has the free trade agreement had on the demand for legal services in India?

Negotiations on the free trade agreement have only just concluded, and it will take another one to two years before it enters into force following ratification. In addition, an investment protection agreement between the EU and India is expected soon.

Legal issues related to doing business in India are becoming noticeably more important. Hence, the need for legal advice has increased significantly once again. This mostly concerns the establishment of subsidiaries and joint ventures with Indian partners. India is already one of the world's leading emerging economic powers and has become an important trading partner for the EU in recent years. "Viksit Bharat" – Developed India – "Bold Vision, Brighter Future" is the Indian government's guiding principle. The goal is to elevate India to the status of an established economic power by the year 2047.

Among EU companies, India has for decades had a reputation as a market whose potential is far from being fully realised. Many small and medium-sized enterprises are now realising that, in the long term, they will need to manufacture goods directly in India in order to remain competitive. Strong economic growth and the Indian government's 'Make in India' policy have been attracting companies to India for around 30 years. The free trade agreement reinforces this trend, as it demonstrates that the EU and India wish to cooperate in the long term and build a reliable framework for their economies.

MANY SME ARE NOW REALISING THAT, IN THE LONG TERM, THEY WILL NEED TO MANUFACTURE GOODS DIRECTLY IN INDIA IN ORDER TO REMAIN COMPETITIVE.



Dr. Jörg Podehl

Partner, Lawyer, Certified Lawyer for Employment Law

From a legal perspective, how would you assess the free trade agreement? How should companies prepare for its implementation?

The new free trade agreement and the proposed investment protection agreement will lead to greater certainty and predictability for business in India. Legal certainty is the key selling point of legal systems. Investors value predictability and a rules-based global economy. In these areas, the future free trade agreement is already regarded as a milestone in the relationship between the EU and India, even if investors should not expect any short-term miracles from this agreement. Once again, the successful conclusion of the negotiations is a sign of a long-term commitment to economic cooperation between the EU and India.

EU companies can already expect a number of tariffs in India to be reduced or abolished altogether. Companies now need an India strategy. India is a huge economic market and, at the same time, a subcontinent of diversity. It is said that a new culture begins every hundred kilometres there. Politically, India is made up of eight union territories and 28 states. There are 22 official languages, over 100 officially recognised languages and over a thousand dialects. India is rightly proud of its cultural history stretching back thousands of years.

Adequate intercultural competence is also of great importance during contract negotiations and in the day-to-day management of projects. Therefore, it's never too early to familiarise oneself with the particularities of a country that differs greatly from Europe in cultural terms.

What legal factors should European SMEs consider when entering the Indian market?

India has a reliable, modern commercial legal framework. Many laws have been newly enacted or adapted to international standards since the Indian market was opened up over 30 years ago. One of the Indian government's key priorities is the 'ease of doing business'. However, government departments and the courts are chronically overburdened. No short-term improvements are to be expected here. Yet, these are necessary to steer the planned, ambitious economic growth in an orderly direction, and to attract foreign investors.

Particular features of Indian law include, for example, the absolute invalidity of contractual penalties and the fundamental nullity of post-contractual non-compete clauses. The contract texts used in international legal dealings with India between merchants mostly correspond to typical Anglo-American models, with a few Indian peculiarities, such as stamping prior to the execution and signing of a contract. This involves affixing revenue stamps or using pre-stamped document paper to pay the stamp duty.

Contract documents that are not sufficiently stamped do not lose their validity, but cannot be used as evidence in court. The protection of intellectual property (trademarks, patents, trade secrets) is critical. Here, in particular, great caution and comprehensive legal advice are essential.

What aspects of employment law should be taken into account when recruiting executives for an Indian subsidiary?

India's population has increased fivefold since its independence in 1947. With a very young population (average age under 30), India has a large workforce, some of whom are well-educated. The labour market is highly fluid and characterised by high staff turnover. Good managers can only be retained through fair remuneration and a particularly good corporate culture. Employment contracts should always be reviewed by an Indian employment law expert. In particular, the composition of remuneration (many fringe benefits) and absence policies (sick leave, annual leave, public holidays) are specific and sometimes vary according to the respective state laws.

BRIDGING BORDERS, BUILDING LEADERSHIP: EXECUTIVE SEARCH IN INDIA

What types of mandates do you primarily handle in India?

Christian: In India, we primarily work with medium-sized European and American companies. We have noticed that India has become a high-priority market for many businesses. This is a significant shift from a time when the country received comparatively little attention. This development is being driven by rapid economic growth, substantial infrastructure investments, and the ongoing modernization of the industrial base.

In addition, many companies have reassessed their market entry strategies in response to increasing uncertainty surrounding business activities in China. From a political perspective, doing business with India is also strongly supported, as reflected in political initiatives and the activity of organisations like the Indo-German Chamber of Commerce.

These factors are fueling a growing number of new business ventures in India. Many companies are pursuing a phased market entry approach, starting with sales activities managed from headquarters, followed by the establishment of a local sales office to drive regional growth. In a later stage, this is often complemented by local production facilities or product adaptations tailored specifically to the Indian market.

Where are the companies you recruit for based in India?

Christian: German companies in India have traditionally clustered in Pune, which continues to be a key destination for new investments. At the same time, location strategies are becoming increasingly diversified. Alongside the Bangalore metropolitan area,



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Chennai is gaining strong momentum. Depending on industry requirements, such as proximity to customers, suppliers, or established ecosystems, other locations, including Hyderabad and the National Capital Region (NCR), are also highly relevant.

Regardless of location, our approach remains consistent: by combining strong local research capabilities with a deep understanding of both European and Indian candidate markets, we ensure efficient processes and high-quality talent acquisition outcomes.

WE COMBINE STRONG LOCAL RESEARCH CAPABILITIES WITH A DEEP UNDERSTANDING OF BOTH EUROPEAN AND INDIAN CANDIDATE MARKETS.

What are the biggest challenges your clients face when hiring talent to executive positions in India?

Gaurang: One of the biggest challenges in India is finding candidates who go beyond a senior title and truly bring strategic leadership experience, business ownership, transformation capability, and the ability to scale.

Experienced candidates, with long term experience are usually not actively looking. Therefore, hiring requires proactive outreach, relationship-building, and presenting a compelling career move. Compensation expectations can also be a hurdle, when there is a gap between market benchmarks and internal budgets.

Long notice periods, often three to six months, can further delay hiring. Clients are not only looking for capability, but also strong cultural fit. We often see technically strong candidates struggle if they cannot manage stakeholders effectively, adapt to founder-led, fast-growth setups.

Many organizations also seek leaders who combine deep India market understanding with global experience, which can be difficult to find in one profile. Furthermore, candidates for senior positions carefully evaluate the company's growth story, leadership stability, and long-term vision before making a move.

MANY ORGANIZATIONS SEEK LEADERS WHO COMBINE DEEP INDIA MARKET UNDERSTANDING WITH GLOBAL EXPERIENCE.

Finally, location preferences and alignment among multiple stakeholders can impact timelines. Many leaders prefer Tier-1 cities, while opportunities may be based elsewhere. In several mandates, involvement from boards, parent companies, and leadership teams adds valuable input, but can also lengthen decision-making, if expectations have not been synchronized earlier.

How do expectations of European companies differ from local Indian firms when it comes to leadership hiring?

Gaurang: European companies typically follow a structured, long-term approach. They prioritize cultural fit, governance, and compliance, and cross-border collaboration.

They also focus on diversity, succession planning, and sustainable leadership potential. These organizations seek leaders who effectively navigate matrix structures and balance local execution with regional or global priorities. Decision-making is often consultative, involving multiple stakeholders in the evaluation.

EUROPEAN COMPANIES PRIORITIZE CULTURAL FIT, GOVERNANCE, AND COMPLIANCE, AND CROSS-BORDER COLLABORATION.

In contrast, local Indian firms, particularly, high-growth or promoter-led organizations tend to focus on business impact and speed. They value market knowledge, agility, relationship networks, and entrepreneurial mindset. Leaders must be hands-on problem solvers, who deliver immediate results in competitive environments.

While European firms invest more time in leadership assessments, Indian companies are often more agile in closing executive talent for urgent needs. Both approaches are effective in context, and the most successful leaders combine strategic discipline with execution agility.

How do you assess whether a candidate can effectively bridge German/European corporate culture and Indian business practices?

Gaurang: I evaluate whether the candidate can balance global structure with local execution, focusing on communication, stakeholder management, adaptability, decision-making approach, and overall business maturity.

I look for leaders who can communicate transparently with European headquarters, while navigating the relationship-driven, fast-moving Indian market. They must be comfortable with governance, planning, reporting discipline, and compliance, yet flexible enough to solve local challenges pragmatically.

Effective candidates build trust across cultures, align expectations, and translate business priorities into practical action. They should be equally adept at presenting data-driven updates to headquarters and motivating local teams on the ground.

In matrix environments, CT Executive Search seeks leaders who can influence without authority, navigate complexity, and maintain alignment between local needs and global strategy.

Finally, we prioritize candidates who demonstrate patience, resilience, and cultural sensitivity. The most successful leaders respect both working styles, learn quickly, and bridge global standards and local realities rather than forcing one model over the other.

What common mistakes do European SMEs make when building their first leadership team in India? What recommendations would you give to these companies?

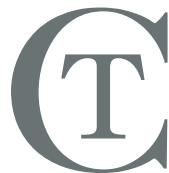
Gaurang: A frequent mistake is attempting to recreate European structures and management styles. While successful at home, the Indian market demands greater flexibility, faster decision-making, and a stronger on-ground leadership presence.

Another challenge is hiring based primarily on communication skills or international exposure, without assessing the ability to execute locally. A candidate may understand global corporate environments well, yet struggle with local customer behaviour, vendor ecosystems, or regulatory complexities.

Many SMEs also underestimate the competitiveness of the Indian executive search market. Retention, compensation expectations, and hiring speed are critical, especially when competing with larger multinational or domestic organizations. Delays in decision-making often result in losing top candidates to more agile rivals.

I recommend prioritizing a “bridge leader” as the first key hire, someone who respects European governance while operating effectively in India. Look beyond titles and focus on adaptability, hands-on execution, leadership maturity, and market understanding.

It is also crucial to invest in structured onboarding and regular alignment between India leadership and European headquarters. Clear decision rights, realistic growth plans, and local empowerment, supported by global governance, usually create the strongest foundation for long-term success.



EXECUTIVE SEARCH



EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

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