

Experienced Advisors Urged for Doing Business in India

By SHALINI K. NARANG

indiawest.com

October 08, 2009 06:48:00 PM

SANTA CLARA, Calif. — Cautious optimism and careful treading were the buzzwords at the “Doing Business in India 2009: Leveraging Opportunities and Overcoming Challenges” breakfast briefing presented by the U.S. India Business Council and Global India Venture Capital Association in collaboration with Silicon Valley Bank here Sept. 10.

Following an introduction by Bakul Joshi, president of Multiple Access CA Corp., Ash Lilani, president for India and China at the SVB Financial Group, opened the session and recounted SVB Financial’s lending operations in India. Through its Indian subsidiary, SVB Financial Group now provides debt capital to domestic, venture-backed, early and mid-stage high growth companies in India, he said.



“I am very bullish about India and the important need for entrepreneurs keen on doing business in India to surround themselves with experienced advisors,” Lilani said. Enumerating the different cultural climate, he added, “Typical American corporate mindset will not work in India.”

While appreciating the policies of the Reserve Bank of India that saved the Indian banks during the global financial crisis, Lilani highlighted the need for early-stage technology venture investments and the need for more successful entrepreneurs in India to become angels and investors.

Legal intelligence and practical advice to maneuver the business path in India was presented by Nishith Desai, an international corporate law and tax expert.

“Since the growth rates vary vastly in different parts of the country, from the opportunity landscape perspective, India should not be viewed as one nation,” Desai explained.

He also briefly touched on the cultural changes, especially a decline in the “feudalistic mindset” happening in areas that have seen tech growth. He also pointed to the lack of ethics as an issue for Indian business and a rampant distribution of spurious drugs, especially in northern India, as a matter of deep concern.

In light of India emerging as a strategic investment destination for myriad companies, investors and sectors, and its constantly evolving tax and regulatory frameworks, Desai enumerated the challenges amidst the opportunities of doing business in India.

He highlighted some of the recent significant policy, legal and tax developments that should be considered while structuring an India-oriented strategy.

For example, Desai said that the new Draft Direct Taxes Code is creating havoc. “The new tax code will be introduced in the winter session of the parliament and hopefully it will not pass,” he added.

Desai applauded the reduction in individual tax rates and cautioned that while litigation is an important business risk in India, he has seen fair judgments being passed by independent courts in India. He added, “Advance rulings can help businesses save a lot of heartburn later.”

He also highlighted the healthcare services sector and other areas that hold huge potential in India.

Following the talk, the audience members raised queries about opportunities in the food and agriculture sector and other areas. “Packaging in both rural and urban India and quality of consumables in urban India is emerging as a huge differential in customer choice,” said Desai.