

FORMER chairman of the Singapore Indian Chamber of Commerce and Industry (2002-2004) Shabbir Hassanbhai has done business with India for nearly six decades as a director of his family-owned company Indo Straits Trading. He recalls the era when India was a black hole for Singaporeans. From his experience as deputy chairman of Parameswara Holdings and from investing and building a logistics and cold storage operation in India, he has witnessed the change from then to now, when every other person is bullish about India. When India started liberalising in the early 1990s, Singaporean businessmen did not know how to do business with India. With the then Singapore prime minister Goh Chok Tong's encouragement, SICCI took up the task to catalyse the Indian business community on engagement with India, recalls Mr Hassanbhai.

Parameswara Holdings, an investment holding company with a paid-up capital of \$10 million to spearhead investments from Singapore into India was set up under the auspices of SICCI in 1993. It was named Parameswara Holdings after the legendary ruler of Singapore. Mr Murali Chanrai, the then-chairman of SICCI, became the company's chairman and Mr Hassanbhai its deputy chairman.

"India was a black hole for Singaporeans then. Parameswara Holdings helped in bridging that knowledge gap. Non-Indians did not know how to engage with India then," he says.

The company invested in Gateway Distripark, IT Park in Bangalore, and made portfolio investments in India. After a long gestation period, and paying no dividends initially, the company finally returned 273 per cent on its investment, says Mr Hassanbhai.

Gateway Distripark

Recalling the experience of the early days of Gateway Distripark, a logistics company that manages container freight stations, inland container depots with rail movement and cold chain storage and logistics, Mr Hassanbhai highlighted that land allocation was a major problem.

"The first plot allotted to Gateway could not even be located on the map

Patience is key in India



Long-time investor... Mr Shabbir Hassanbhai has done business with India for nearly six decades as a director of his family-owned company Indo Straits Trading.

by the local Industrial Development Corporation. The second plot allotted to Gateway had been pre-committed to someone else and so the government there had to find a third plot. That was when the work could actually start," he says, tracing back to how it all began in those days.

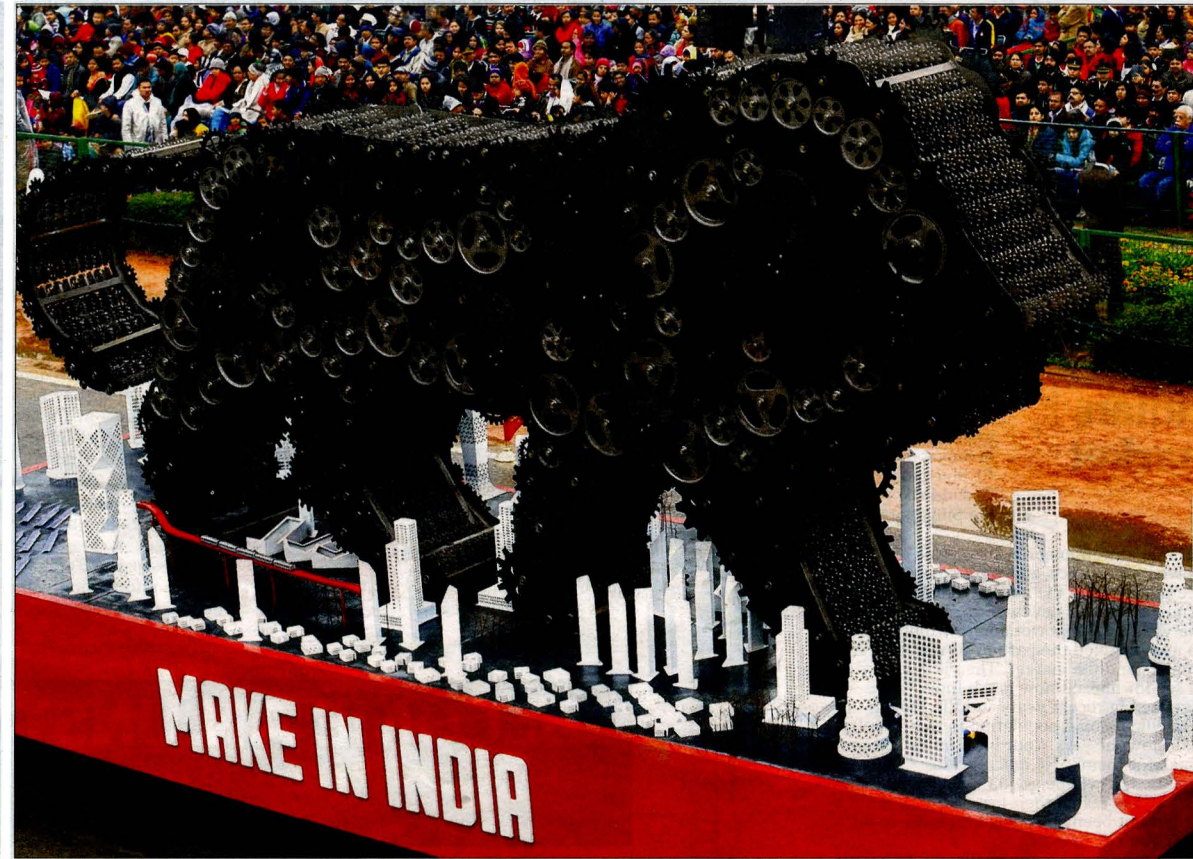
That was not all. "Gateway had to engage with the Indian central government, various state governments, district authorities, village administrations and finally the people affected by the project," he points out, describing the labyrinth the company had to navigate. Of course, they also faced basic infrastructure issues in India, relating to electricity, water and roads.

The time he spent in India taught him a few things:

- Singaporean businessmen do not have a jugad (alternative way of solving or fixing problems) mindset. We go with standard operating procedures. We need to be nimble in India.
 - You need to stay and understand the business culture, the human side of doing business in India.
 - India has undergone a great change (for the better) since the '90s. But challenges remain for Singapore companies.
 - Singapore companies are better off focusing on infrastructure, water, education, and financial services.
- His advice for Singapore companies:
- If you go to India with some grand, predetermined strategy or master plan, be prepared to be distracted, deterred and even demoralised. The key to success has been learning to see the Indian market as it is, not as we wish it to be.
 - You need two kinds of capital to enter the Indian market – investment capital and patience capital.
 - Multiply all timelines and delivery assurances you receive from India by three.
 - It is a place for the true entrepreneur. It has chaos, opportunities and excitement. But be ready for failure.
 - No easy entry points in India. Find the value addition you can do to the Indian products.

S.N. Venkat

Make For India



S.N. VENKAT

IN ITS Feb 21 edition, The Economist magazine wrote: "If India could only take wing, it would become the global economy's high-flier." And India's Budget presented on Feb 27 promises to put some wind into the economy's sails.

Washington, Tokyo and Beijing have been trying to outdo one another to grab a piece or more of ambitious projects in India. Not to be left behind, at the Vibrant Gujarat Summit in January this year, 40 Singapore companies were there to explore business opportunities.

Ever since Mr Narendra Modi took office as prime minister, the expectations from India have been sky high. Singapore President Dr Tony Tan after his return from his recent visit to India aptly summarised this when he said that an "India Fever", sparked off in Singapore in 1992 by the then-Prime Minister Goh Chok Tong, "is now back again".

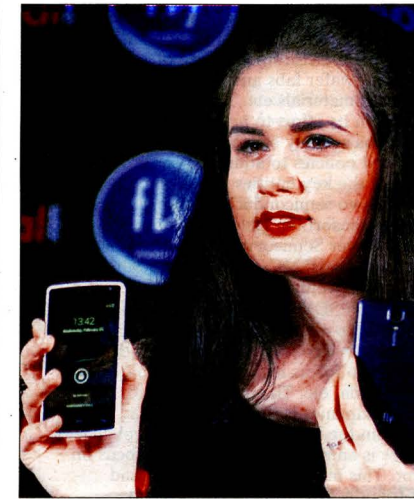
Said the group director for South Asia Group, International Enterprise (IE) Singapore Benjamin Yap: "The reforms and new initiatives under Mr Modi's administration bring opportunities for Singapore companies in the consumer, manufacturing and infrastructure sectors. In particular, India's consumer sector is experiencing robust growth with a rising demand for both local and imported products and services."

"Singapore brands can ride on this trend to export their food products, electronics, apparel and general merchandise. They can even consider manufacturing in India. However, companies should also bear in mind the tastes and preferences of the Indian market and be prepared to customise packaging and tastes to suit the consumers."

While Mr Modi is pushing for the Make In India initiative, Reserve Bank of India governor Raghuram Rajan has called for a Make For In-

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Business opportunities... (left) the Make In India float during Republic Day celebrations at Rajpath in New Delhi on Jan 26. (Above) at the launch of the Fly smartphone in New Delhi on Feb 25. Fly Mobiles, the leading Russian smartphone OEM, has gone back to India after a long hiatus.

PHOTOS: IANS, COURTESY OF GOVIND BHANDARI

TWO OTHER BUSINESS PEOPLE HAVE THEIR SAY: PAGE 14

dia initiative that focuses on manufacturing in India for domestic consumption.

What do Singapore businessmen think about the prospects of doing business in India? tabla! spoke to four business persons in Singapore.

Former chairman of SICCI and executive director of Indo-Straits Trading Company Shabbir Hassanbhai was among the Singaporean business leaders who accepted the challenge in the early 1990s to bridge the knowledge gap in understanding and doing business with India for Singapore Inc. Mr Hassanbhai advises that "the key to success has been learning to see the Indian market as it is, not as we wish it to be".

Managing director of Clearpack Singapore Govind Bhandari says "the biggest advantage (in doing business in India) is the availability of top, world class management, and communication in English. Everything else can be managed". His company manufactures and distributes packaging machines and has had a wholly-owned manufacturing facility in India for more than 20 years.

Managing director of Baker's Heaven Simon Tay is smitten by the growing spending power of the urban Indian middle class and their upwardly mobile consumption trends. His company is a leading manufacturer of frozen dough and bakery products in Singapore which exports to India.

The fourth person tabla! spoke to is Ms Meenu Sarin, assistant secretary of Singapore Semiconductor Industry Association that eyes a US\$400 billion electronics and semiconductor industry opportunity in India, who says the attractive product segments that the association members can look into for manufacturing in India "will be the ones that leverage on India's local demand".

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HE IS a Singapore-based entrepreneur who moved here from India in 1983. Mr Govind Bhandari (below) founded Clearpack Singapore in 1991. Today, it has six factories and 11 offices across South-east Asia, India, China, the Middle East and Europe.

The group manufactures and distributes packaging machines for food, beverage, personal care and homecare product manufacturers. It counts among its customers Unilever, Procter & Gamble, Johnson & Johnson, Nestle, Colgate, Kraft, Danone, Coca-Cola, Dole Foods and Del Monte.

Clearpack has a fully-owned subsidiary in India with a manufacturing unit in Noida, near Delhi, for the last 20 years. The Indian facility manufactures shrink wrap and end-of-line packaging machines such as case packers, erectors, sealers and conveyors. They make up 70 per cent of its business in India.

Not ready to limit itself to these machines, it is also getting actively involved in robotics solutions for packaging automation in India. "We

India offers opportunities



business in India.

"In the beginning everything was slow. But lately things have changed even though it is still far from internationally-accepted levels," he said about land acquisition and licences.

"India has challenges but once you get good, experienced management staff, things can move faster. Electricity is a challenge. We need to have a backup ready all the time," he said about the challenges in running a plant.

"Import of goods is not so bad even though duties are high compared to most of the other countries. Work ethics is like most of the Asian countries. Logistically transportation is very costly and slow in India. If you are going to export your goods then it's strongly advisable to be near a port," he added.

Mr Bhandari is bullish on the scope of automation in India.

"Indian automation levels are far from many other Asian countries and we see it as one of the biggest markets for us in the near future," he said. His advice to Singaporean businesses is to look into the Indian market if they have something unique to offer.

"The biggest advantage is the availability of top world-class management and communication in English. Everything else can be managed," was his parting tip.

S.N. Venkat

Make For India



Establishing trade links... SSIA director Wah Yi Lai and IESA chairman Ashok Chandak signing the MoU.

Now for a chip of India

SINGAPORE Semiconductor Industry Association (SSIA) represents IC design companies, manufacturers, fabless companies, equipment suppliers, photovoltaic companies and many others. Some of the easily-recognised names among the association members include Broadcom, Global Foundries, Intel, IBM, MediaTek, Micron, Panasonic and STMicroelectronics.

As reported in the Feb 6 issue of tabla!, SSIA and the India Electronics Semiconductor Association (IESA) signed a Memorandum of Understanding to establish and develop trade and technical cooperation links between the electronics and semiconductor industry in Singapore and India.

The Indian electronic system design and manufacturing (ESDM) industry is still in its early stages. In 2013 India imported US\$33 billion of electronic products, ranging from semiconductors to smartphones. It is estimated that by 2020 the Indian ESDM industry will be a \$400 billion market. The association is of the opinion that, with about 40 IC design companies, 14 silicon wafer fabs and 20 assembly and test units, Singapore is well positioned to take advantage of this potential opportunity.

Ms Meenu Sarin, assistant secretary of SSIA told tabla! that several multinational companies have their presence in India but what is lacking today is the manufacturing presence of semiconductor wafer fabs and ancillary entities like chemicals, materials etc. The Indian government, in its effort to bridge the trade deficit gap, has actively started a slew of incentives and policies to address this. As wafer fabs is one of the key entities, it has given the go-ahead for two semiconductor consortia to set up fabs. One consortium includes Jaiprakash Associates, Tower Semiconductor and IBM and the other includes HSMC Technologies, Silterra and STMicroelectronics.

"The Indian ESDM market is experiencing strong growth. In addition to this huge consumer demand, there is a robust one from the Indian government too for its initiatives like Smart Cities and Digital India, etc. The other pull factor for Singapore companies is the Make In India initiative from the Indian government through which there is an increased government focus on this sector. This includes several growth and industry-friendly government policies and incentives as the government aims to transform India from a consumption-driven market to one with manufacturing capability," she said.

For SSIA members, she said, the key business opportunities lie not only in the electronic/semiconductor products that they can manufacture in India but also in providing the equipment, materials and services. "Singapore has a mature semiconductor manufacturing ecosystem and Singapore companies in this space have a lot to offer to Indian companies. As for the products, the attractive ones will be the ones leveraging on India's local demand. Some of these segments include direct to home TV, cable TV, mobile devices, ID cards, automotive, security etc."

Ms Sarin hopes that the ecosystem arising out of the two new fab plants, which will come up in Gujarat and Chhattisgarh, could help Singapore companies in setting up units there.

S.N. Venkat

WOULD you bet on the Indian consumer if you were told that the Indian middle class has increasingly started using olive oil in its cooking compared to their predominant use of ghee (or vegetable ghee – hydrogenated vegetable oil) 10 years ago?

Well, Singaporean entrepreneur Simon Tay, who is the managing director of Baker's Heaven, has done just that. Mr Tay mentioned that, in a presentation in early July last year, IE Singapore highlighted this shift in Indian consumer preference. In fact, projections are that olive oil imports in India will grow nearly three times in the next 10 years. "It encouraged me to visit India to understand the market," says Mr Tay, who went with the IE delegation to India in mid-August last year.

Baker's Heaven is a frozen dough manufacturing company established in 1991. Counted among the top bakery products manufacturers in Singapore, it manufactures nearly 200 types of bakery products ranging

from breads, cakes, cookies and savoury pastries. The company serves many large institutional customers like hospitals, chain cafes, and restaurants as well as major international events in Singapore like F1 Singapore Grand Prix and the Singapore

Baker's Heaven enters Indian market

Air Show.

In true entrepreneurial style, Mr Tay followed his instincts and went back to Delhi three times within the next two months to get to know better his new working partner in India who is an importer and distributor. He also accompanied the partner to visit his clients to understand the market. The visits helped him see for himself how much India has progressed in recent years and the growth in the middle-income population in that country.

For now, he says, "our local tastes are good enough for them". He quickly adds: "India is a big market; it will be good if we can have more (products) to match their taste".

It has not been a cakewalk in India so far for Mr Tay.

"We have faced many challenges to export to India as they are very strict on food safety," he says. Despite that he is optimistic. "So far, it has been a very good experience and for the next five years, we see a high potential for growth and are committed to India," he adds.

Would he recommend India to other Singaporean businesses considering expanding beyond Singapore?

"Yes, definitely a country worth recommending," was his emphatic reply.

S.N. Venkat