

# Work with a local partner when doing business in India

By **MALMINDERJIT SINGH**

SINGAPORE companies looking to enter the Indian market should do so with a local partner as it may be risky for a foreign business to manoeuvre around the many challenges the country presents, warn business leaders.

"The opportunities are there and you can keep blaming the circumstances and not making any moves. There will be investment that will take place but, in my opinion, it will be easier to do it in collaboration with an Indian company," said Professor Rajendra Srivastava, provost and deputy president of the Singapore Management University (SMU).

Speaking at a seminar yesterday on the "Challenges and Strategies for Doing Business in India", Professor Srivastava explained that an Indian partner will have local information and contacts and these are invaluable to a foreign investor.

According to Gopinath Pillai, executive chairman of Savant Infocomm and himself an investor in India, even if a Singapore company knows how to tackle the challenges, it is not advisable for it to do it alone as the risk could be high. "Indians are the best for improvisation as they have so many bottlenecks that they will know how to get around it. An Indian partner is essential," said Mr Pillai.

Mr Pillai said that a partner could at times also be a liability and he advised Singapore businessmen to be extremely judicious and careful in selecting one.

Mr Pillai, also the chair-

man of the Institute of South Asian Studies (ISAS), narrated his personal experiences as a businessman in India. Land acquisition, often cited as a big hurdle for investors in India, was something that Mr Pillai had to face in India. But having a local partner helped his company overcome this challenge innovatively. He explained there were two parts to the land problem in India. First, acquiring land, which is usually designated for agricultural purposes, is an issue and then, converting it to industrial purpose can be complex matter.

He said that it was very common for the land to have multiple-owners or claims. For instance, he narrated his experience of having to deal with 12 owners of a land parcel he was interested in and how he found out that one of them was previously in a mental asylum.

"So I wanted to abort the deal because I was worried that some other member of the family may refute the deal on the grounds that I exploited the mental disable person and then not pay my deposit."

Also, converting the land for industrial purposes is not easy, Mr Pillai said. So, his practice now is to get the sellers of the land to first do the conversion.

The speakers at the dialogue also listed redundant regulations, inadequate power, shortage of skilled labour and sources of financing as other difficulties.

However, there is still reason to be optimistic, at least in some parts of India, according to Dr S Narayan,

head of research and visiting senior research fellow at ISAS and formerly an economic adviser to the Indian prime minister.

He said that the Madras Chamber of Commerce in Tamil Nadu state is doing a study on the regulatory hurdles facing businesses and will advise the government to do away with the irrelevant rules. "I am confident that we will be able to come up with a list of 40-50 rules and regulations" which can be removed by executive order.

ISAS, at the National University of Singapore (NUS), partnered SMU in its India Initiatives programme to organise the seminar, which was moderated by Vikram Khanna, the associate editor of *The Business Times*.