



Doing Business in

**BMM US-India Business Forum
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Target Audience



SMEs, Start-ups and
Individual NRIs
Who want to

Expand their business into India
Start a new business in India
Profit from opportunities in India

Entry India Doing Business in India Guide
delhispecial.entryindia.com



Should I do it ?



- India Economic and Business Environment
- Markets and Growth Prospects
- Legal and Regulatory Framework
- Special Incentives for Overseas Indians
- Risks, Rewards
 - Cultural Norms
 - Business Culture
 - Issues and Challenges



I do want, now what



- **Entry Strategy**
 - What business? : consumers, channels, competition
 - Which location? : Tier 1 2 3 Cities, SEZ
 - What business structure? : wholly owned subsidiary, JV, liaison/branch/project office
 - Compliance, Approvals, Taxation
 - Business Case
- **Exit Strategy**

What about Execution



- Setting up the Company
- Legal Matters, Registration and Approvals
- Setting up Office
- Finding Partners, Suppliers and Staff
- Finding Service Providers
- Networking, Marketing
- Sales and Support

Business Climate



- Reputation as Back office of the world
 - Low cost of operation, talent pool, “can do” attitude
- Getting Better
 - Time to start a business reduced from 71 days to 25 days
 - Corporate income tax reduced from 37 to 33 %
 - Reforms, investor protection
 - Indian banks are in good health
 - Consumer spending growth is strong
 - Communications: phones, internet, cable
- Environmental degradation
- Inadequate Infrastructure and workforce

Your Best On-line Resource

<http://www.doingbusiness.org/>

Understanding Indian Norms Is Important to.....



- Operate stress free business
- Market Products and Service profitably
- Negotiate contracts, agreements, compensation effectively
- Resolve disputes and conflicts favorably



Cultural Norms

- Time is ELASTIC
- Plans and schedules are ELASTIC
- Creaky wheels of bureaucracy: Central, State and Local Level
- Language Nuances.....
 - “doubts means clarification”
 - Homely means “family oriented”
 - “Leave it to me” means will get to it after payment



Business Culture

- Polite, Difficult to say NO
- Hierarchy: Pecking order matters
- Business Hours, Holidays
- Business and Social Protocols
- Copyrights/IP protection: ownership is ELASTIC
- Food and Drink

Courses are available e.g.
Caltech IRC for Executive Education

Indian Govt. Business Portal



Your best resource for India Entry
business.gov.in

- How to start, operate and grow a business
- Legal and Regulatory Framework
- Investment Opportunities and Incentives
- Special Opportunities for Overseas Indians

Did you know...opportunities



- US money pours into India \$25 million a day
- US venture firms raise \$1 billion for India for this year
- India has very low penetration of wealth management services
- Only 2% of Indians have life insurance
- less than 1% actively participate in stock market

US Dept of commerce: buyusa.gov/india

Two biggest opportunities for NRIs

- HEALTH & EDUCATION: More and more are needed
- FRANCHISING: new but the easiest way to own and run a business
franchiseindia.com

Pay Special Attention....



- Scams
- Crime
- Health
- Credit rating and insurance
- Dispute resolution/delay in courts
- Inadequate Logistics' Infrastructure



“Doing Business India Report”

World Bank

June 30, 2009

<http://www.doingbusiness.org>

“India could top the list of business destinations among BRIC nations, if best practices and regulations followed by some cities are implemented by others.....”

The study ranked 17 Indian cities on 7 indicators of doing business including starting a business, dealing with construction permits, registering property, paying taxes, trading across borders, enforcing contracts and closing a business.

“It takes on average 961 days to enforce a contract,” the bank said, adding the process of closing a business could on average take 7.9 years and would cost 8.6 percent of the estate value.



Alliances

- True Key to success in India.
 - Local companies can use their influence to make or break an initiative
- Deciding on business and business alliances
- Identifying Partners, Suppliers, Agents, Distributors, Service Providers, Staff
- Setting up the alliances

How to find Partners



- Attend Trade fairs, trade missions, Indian chamber of commerce
- Attend Pravasi Bharatiya Divas and mini PBDs: pbdindia.org Ministry of Overseas India Affairs
- Search Internet: indiamart.com, trade-india.com, exportersindia.com
- Use a consultant or match making company
 - Tell them EXACTLY what is important to you
- BEST WAY... NEXT

Best Way to find Partners for US based companies



US Department Of Commerce
Gold Key Service
buyusa.gov/india

- Appointments with pre-screened partners
- Profile on each Indian company/partner
- Post meeting de-briefing
- Available in New Delhi, Mumbai, Chennai, Calcutta, Bangalore, Ahmedabad, and Hyderabad.
- Payment SME: \$700; Large: \$2,300

Finding service providers



- Use on-line resources
helplinelaw.com for lawyers, icai.org for CPA
- Place advertisements and hold walk in interviews:
right media outlet
- Use placement agencies
 - ABC International Placement Service
 - Stanton Chase International
 - Egon Zehnder International
 - Ma Foi Management Consultants Ltd
- Finally use your own staff to interview and finalize



Contracts/Agreements

- Get yourself a lawyer
(from the new breed of lawyers: experienced in working with foreigners)
- Pay Special Attention to
 - Local laws
 - Responsibilities of each party
 - Delivery, Schedules
 - SLA



Summary

- Prepare thoroughly
 - Use Resources at entryindia.com
- Understand Indian Cultural Norms, Risks, Rewards
- Focus on Establishing Solid Local Partnerships
 - Management team
 - Internal processes, documentation, quality standards
- Get a legal firm and a CPA who have worked with foreign businesses
 - Agreements, contracts, accounting, taxes
- Track Progress, Enjoy Profit



Thank You

