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Slowdown Saviour India

*Made edgy by the global slowdown, scores of Americans and Europeans are being drawn to Happening Place India, says **KUNAL MAJUMDER***

WHEN US-based Sarah Hine and her partners decided to launch a company to tackle counterfeit drugs, she had two options: India and Africa. "After assessing both places we decided on India," says Sarah, talking about last summer's launch of PharmaSecure. "For one, India is soon expected to account for 15 percent of the world's active pharma ingredients. For another, it has a huge domestic market."

Like Sarah, Marc Treves, a shopping centre consultant from Switzerland, too launched his real estate consultancy in India last January. "There were job cuts and I was asked to move to Hong Kong. But I decided to stay back in Delhi and launch an enterprise with colleagues from my former company." He formed Ideas Consultancy and Advisory with his Indian partner and has been involved with a number of retail projects like Ambience Mall and Select City Mall.



Counter challenge Sarah Hine, from the US, plans to use a simple SMS to tackle counterfeits in the pharma-market
Photo: TARUN SEHRAWAT

Theirs are not isolated cases. There's a whole new crop of entrepreneurs who find India an attractive investment destination. Not only are they entering sectors like real estate, retail and pharmaceuticals, but are also introducing such innovative services as cycle-tours, concept café and fashion brands. Jack Leenaars, a Dutch citizen, has launched a cycle-tour service in Delhi: 'Delhi by Cycle' offers a guided sight-seeing tour of major landmarks in the Walled City.

He says he got the idea from a friend who ran a similar service in Bangkok. "When I started this concept, I wanted to create a unique street experience here," says Leenaars, who first came to India as a journalist.



Cycling the city Jack Leenaars from Holland runs bicycle tours in Old Delhi and plans to expand across the Capital
Photo: NAVEESH T

Often, the reason for choosing India above all others is its romantic appeal. Dutch couple Alexander and Lalita de Goederen, for instance, besides finding India a promising investment hub, also *like* India a lot. It's that simple. "Plus we had a connection through my father. He studied Indian classical music and dance in Benares," says Lalita, who set up the first Bagel café in Gurgaon in June this year. Bagel is a Polish bread, popular in the US and Europe. "I was surprised to find that so many people knew about Bagel here. Customers come to our café from various parts of Delhi and the National Capital Region (NCR). Most of them are NRIs and foreigners. The others come mainly to experiment," she adds.



Sandwiched taste Lalita de Goederen of Holland runs Delhi-NCR's first Bagel café that is always crowded
Photo: NAVEESH T

Her husband Alexander formed Bricks India, a real estate company, along with a Canadian of Indian origin and a Dutch partner. "We started at a really bad time. Our entry into the market coincided with the global economic slowdown, but we found we were better off in India than in Europe, where things are even worse," says Alexander.

This India love can also have a commercial side to it, in the case of Singapore's Sheikha Mattar and Noelline Besson from France. Masala Tee, their recently launched T-shirt brand, draws all its motifs from Indian sources. "It all stems from two words – masala and tee. So this is not just about a T-shirt, but lifestyle too," says Sheikha.



Cultural cuppa Sheikha Mattar of Singapore and Noelline Besson from France sell Masala Tee T-shirts
Photo: VIJAY PANDEY

Among the factors that encourage foreigners to set up base in India is the healthy inflow of FDIs over the past two years. India's strong IT and retail sectors, too, are a big draw for people like Holger Siemons, a German who runs a consultancy firm that helps foreigners establish businesses in the country. Says Siemons: "I see lots of people spending money." His own assessment is that the global downturn will not retard the FDI inflow. He finds that the burgeoning class of High Net Income Individuals (HNII) here has ensured a market for quality goods. "Post slowdown a large number of mediumsized enterprises have come up in India, whose growth has reached saturation point in their home countries."

Lars R Norberg from Sweden who runs a business very similar to Siemons' also shares his view. "The recession has made people understand that they now need to move to places like India, China and South America to continue growing. People now think from newer market perspectives," says Norberg.

As Sarah puts it, "Recession-hit foreign investors are mostly inspired by the market buzz in their countries about India being an investment oasis." One of the major pulls is India's impressive telecom infrastructure. "Our business is completely SMS-based. Consumers use their mobile phones to check if the drug is counterfeit or not. So competitive telecom pricing is a big advantage for our business," she adds.

China, according to Treves, is a factory and India a market. "You have more call centres in the Philippines than in India!" he exclaims, and then goes on to outline the things India-based foreigners need to be aware of. "For here you have to be patient, persistent and philosophical."

Indeed all of these entrepreneurs had their own individual take on the India Experience. And some, like Sheikha and Noelline, had to overcome certain minor glitches while setting up their T-shirt business. "We saw that it takes longer to set up a company here than we are used to. In France it takes two weeks; in Singapore just a day," says Sheikha.

SIEMONS, WHO also noticed preferential treatment, points out: "Unlike in Germany where the rule is the same for all, in India we see some people being favoured above others." He was also surprised that opening a simple bank account in India could become a nightmare, with so many different banks and no official in possession of a to-do list. Siemons found a woeful lack of codified knowledge. "Sometimes it gets to be so that you almost begin to feel they don't want you as a client," he adds.

For all these overseas investors, India's biggest draws are its IT and retail sectors

In a sense that was Lalita's problem as well. She found securing electricity and water connections so time-consuming that she was forced to hire a person. Says Lalita: "I found out that I was paying someone Rs 50,000 when the official bill was Rs 5,000."

It is not just the bureaucracy: dealing with Indian clients is as great a challenge as any for these people. "Indians can be difficult when it comes to paying up," Treves says. "Generally, local clients are unwilling to pay up. When I take my pricing to foreign clients they say it's cheap and the local say it's steep. Treves says he is forever asking friends not to leave India, because while it is so full of opportunities living costs are so low. "I enjoy being challenged and pushed, as it's a way of finding solutions." His advice to foreigners: If you are interested in short-term businesses, don't come to India. Come only if you are looking for a lifetime association.

They all say to succeed in India you need to be persistent, patient and philosophical