

Indo American News

Circulation Verified by
CIRCULATION
VERIFICATION
COUNCIL

READ US ONLINE at www.indoamerican-news.com | Published weekly from Houston, Texas, USA
7457 Harwin Dr, Suite 262, Houston, TX 77036 • PH: 713 789 6397 • Fax: 713 789 6399 • indoamericannews@yahoo.com

Follow Indo-American News



Sign Up! Become a fan !!

Look East, to India, for the Land of Opportunity

BY JAWAHAR MALHOTRA

HOUSTON: In the third of the "Think India, Think Houston (or Harris County)" series of seminars and presentations held this year by the Indo American Chamber of Commerce of Greater Houston, the focus of the recent half-day affair at the Westin Galleria on Thursday, November 18 was once again on Doing Business With India. About 250 people came for the event that started with breakfast at 8am and ended at 2pm after a breakout session that explored the opportunities and challenges unique to the Indian market. Responding to past criticism that speakers were taking too long, the Chamber had instituted ringing a reminder bell 8 minutes into the speaker's allocated 10 minute time.

This event was supported by the Consulate General of India and after a welcome by IACCGH Executive Director Jagdip Ahluwalia and President Madhukar Prasad, Consul General Sanjiv Arora delivered the now familiar opening remarks about the stature and growth of the Indian market which offered many opportunities for foreign investment. He was followed by Harris County Judge Ed Emmett, who is a friend of India through he frequent travels there and by Patrick Oxford, the President of the Greater Houston Partnership who has seen a steady increase in trade, especially at the Port of Houston, for between India and the Bayou City.

The thrust of the half-day program were two panel discussions and a speech over lunch by Vik Malhotra, Chairman of the Americas for the consulting firm of McKinsey & Co. The panel discussions were moderated by Dr. Lata Ramchand, an Associate Dean at the Bauer College of Business at the University of Houston, who ably plied the way for each panelist to explain their perspective and then recapped it for the benefit of the audience before handling the question and answer sessions.

Ramchand stated that GDP growths in India once again approaching the 9% and above mark, and projected to stay that way for several more years. This has led to foreign investment into India to rise to \$13bn and a increase in the Indian middle class to 30% and President Obama to state on his recent trip there that "India has emerged."

The first panel dealt with the experience of three American firms which have been doing business with India for awhile. But, to start it off was Atul Sharma, the Regional President of the Indo American Chamber of Commerce, NIC, India based in New Delhi. Sharma is also the Managing Partner of Legal Link, a corporate and commercial law firm based in India.

"India is a land of opportunity and the market is humungous," he said and then explained how India had moved from hard core policy to a regulated regime, illustrating it with



From left: IACCGH President, Madhukar Prasad; Consul General Sanjiv Arora; Harris County Judge, Ed Emmett; President of Greater Houston Partnership, Patrick Oxford; and IACCGH Executive Director, Jagdip Ahluwalia at the Doing Business in India event.



From left: Jagdip Ahluwalia, Dr. Lata Ramchand, Francene Young, Madhukar Prasad, Vik Malhotra, Jeff Mosley, Jay Gurerro, Sanjaya Sood, Atul Sharma and Mike Hildebrand at the IACCGH seminar.
Photo: Bijay Dixit

how the telecom, electricity, insurance industries and airports and ports had been transformed and that infrastructure was the next big market. He cautioned though, that setting up a company in India is easy, but winding it down takes 7 to 10 years, "and sometimes they never die", using Satyam and Modiluft (now Spicejet) as examples. Sharma believes that until small and medium size foreign firms jump into the Indian market, there won't be substantial growth in foreign investment.

He was followed by Pankaj Dhume, a Vice-President at BMC Software and President and CEO of its Indian branch for the last 9 years in Pune, just north of Bombay, home to many software companies and has also become India's Detroit with factories for Tata Motors, Mercedes Benz and Volkswagen. "India has a large population that is very young," said Dhume, "You just have to go there to feel the pulse." In his experience, Indians are never in a hurry, somehow meet seemingly impossible deadlines, can at once size up a Non Resident Indian as being a foreigner and are always trying to sell you something. "But, even as you are doing business," reminded Dhume, "don't forget to have a good time. Just one trip there will change you."

Next came Sanjaya Sood, a Vice President at Schlumberger, who was CEO of its Indian operations for 8 years till the late 90s. He related how the company had started in India in 1933, 6 years after it had in-

vented its drilling technology and explained how, along the way till now; Schlumberger had invested in and started other companies, later divesting them, like SIM card (producing nearly 90% of those used in the Indian market). He explained that Schlumberger operates in India with multi-nationals as it does elsewhere in the world since it keeps the service to customers the same.

In his experience, even though India is a large market, the product or service needs to be tailored to the local needs, illustrating his point with a story about a meeting with the Chairman of the Punjab State Electricity Board in Patiala, Sood's hometown. "He looked worried, and finally said that the meters we were making and selling needed to have a battery in them," recalled Sood. "I was flabbergasted since meters need electricity in order to run, so why would they need a battery!" Once installed though, his company's meters gained wide acceptance.

The last panelist was Francene Young, Vice President of Human Resources for Shell who went over some company statistics as a leading oil and gas producer, with 3.1bn barrels a day and 2009 income of \$12.7bn. She explained how Shell was set up as Burmah Shell in 1928 in India and then later joined forces with Schlumberger in 1933. In the 1950s, Shell started the now ubiquitous LPG (liquefied propene gas) cylinders that are commonly used for cooking fuel. Shell also pioneered the use of bitchumen for paving of roads. In 1976, the company's operations were taken over by the Indian government, and Shell only returned in 1994 through a joint-venture partnership which it hopes to wholly acquire soon. With its third largest research facility in the world in Bangalore, Shell sees huge potential in the Indian market. "My only regret is that, from a vantage point of tapping human talent," said Young, "I wish we had not lost the 20 years we were away from India."

Responding to a question about the migration of American capital and jobs to India, the panelists said Indian companies had also reinvested \$11bn in the US, there were a lot of Indian students in US universities and the overall effect would be difficult to predict, but no doubt there would be gradual ripples in the markets.

Hurrying through an abbreviated break in order to make up for a delayed schedule, the next panel dealt with the experience of Indian companies in Harris county, and after introductions by Ramchand was led off by Jake Pyles, CFO of Seismic Micro-Technology, a company which specializes in software that allows the 3D recreation of deep underground geological formations through non-invasive ultrasonic resonance techniques, used quite commonly by oil and gas exploration companies. His 150 employee company has gone through high growth for the past 3 to 4 years and has various offices around the world, but still only a sales agent in India. "India is now a large consumer of cutting edge geoscience software," he said, "and could be the next frontier as it is already the 4th largest energy consumer." Pyles did not see any problem with IP infringement in India, found the country easy to work in, but complained that the turnover rates were very high as his product required a lot of education. "India will teach you patience," he quipped.

brand through sponsorships and advertising.

The last panelist was Koti Narasimham, the Country Manager for North and South America for Larsen and Tubro, India's largest manufacturing and construction company, "like a mini-Bechtel of India," he smiled. L&T opened up its office in Houston 25 years ago to enter the hydrocarbons market and as one of a handful of firms worldwide that can produce heavy equipment and very large valves used in the industry, counts as among its clients many large American companies, with US operations contributing only 5% to the company's bottom line. In Houston, since 2000, the firm has also operated as L&T Infotech, a software company specializing in enterprise applications employing 200 people locally in the Westchase area. "Our trend has changed to doing business with Houston rather than Europe," he said, "and a big draw for us here was the large Indian and international population."

Over an hour long lunch which was sponsored by Schlumberger, the remaining audience heard from Vik Malhotra and his experiences in dealing with India, both as an economist and mostly as a consultant and advisor to companies. Using a Powerpoint presentation, he rattled off many points that are commonly accepted as guiding principles for doing business in India, which are very different from China's growth. Five themes for sustained growth have become clear for India: younger demographics, massive urbanization, rise of the middle class, climate change as in CO2 emissions and the rapid growth of the private sector. These are drivers for an irreversible trend to growth for the next 15 to 20 years, "although there would be ups and downs along the way. India will be the 3rd largest economy is short order."

Malhotra later expanded on the 7 imperatives that McKinsey believes must be dealt with to successfully enter and compete in the Indian market: visible and strong leadership, customization, innovative business models, major deals and partnerships, leveraging to extend to global markets, actively manage perception and regulation and develop and empower local talent.

At conclusion of the event after lunch, a breakout session was held for those who stayed on with Ahluwalia as the coordinator and presented by Nyamusi Igambi, a Senior International Trade Specialist with the US Department of Commerce who outlined the pitfalls and rewards of doing business with India and the role that her agency could play in helping US firms who venture there.

The IACCGH can be reached at www.iaccgh.org. The Seventh Indo-US Economic Summit is planned for in New Delhi on February 11 and 12, 2011.