

# India–Slovenia *Round Table*

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IEDC-BLED SCHOOL OF MANAGEMENT



*Bled, Slovenia, March 28th, 2012*



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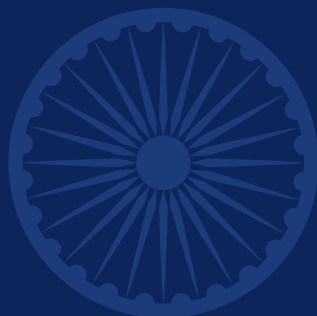
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## *India–Slovenia Round Table*

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*A School with a View*



EMBASSY OF INDIA  
LJUBLJANA





## Welcome Address

**Prof. Dr. Danica Purg,**  
*President, IEDC-Bled School of  
Management*

*Your Excellence,  
Dear guests,*

I am very pleased to welcome you all at the IEDC today. I am especially grateful to Ambassador Jerome for his initiative, which lead to this Indian-Slovene roundtable at our school. We are honored by the presence of Mr. Chaudhary, Secretary of the Department of Public Enterprises at the Government of India, who is going to be a keynote speaker. I also extend a warm welcome to you, Mr. Samo Hribar-Milič, President and General Manager of the Chamber of Commerce and Industry of Slovenia, to Marjan Hribar, General Director of the Directorate for Tourism and Internationalization at the Slovene Ministry of Economy, as well as to Nataša Turk of the Chamber of Commerce and Industry of Slovenia who is going to moderate the roundtable on Slovenian Business Pioneers in India. We are also grateful to Mr. Brane Krajnik, chief executive officer and publisher of The Slovenia Times, who has sponsored this event.

I am really surprised to witness the enormous interest that this event has generated. I would like to tell you briefly what inspired us to organize it. Last week we had another big event here, called Challenge:Future. It was an innovation competition for students co-organized by our school and CEEMAN - the Central and East European Management Development Association. This competition was probably the biggest global initiative originating in Slovenia. It inspired 24,000 students all over the world to spend many hours working for their societies and compete on sustainable innovation. We invited the eight best teams to Slovenia, one of which was from India. It called itself "*Desire, Innovate and Achieve*". They worked on three-dimensional interactive platforms that can be used to make

education accessible to blind people or people with other physical challenges, as well as young children. They had managed to bring this education to 200 young slum dwellers. It was a fantastic event, attended by the President of Slovenia, who came to Bled to present the main award. That award went to a Nigerian team. Unfortunately, the team could not obtain a visa to come to Slovenia. We had a telephone conversation with the Nigerian team leader and she told us that she wished to share the award with the Indian team because she was so impressed with what they had done. I would also like to add that we work together with some Indian business schools. The Indian Institute of Productivity and Management is a member of CEEMAN and so is AMDISA - the Association of Management Development Institutions in South Asia. You may not know this but India alone has more than thousand business schools and some of them offer world-class education.

We also did a global survey on poverty as a challenge to management education. India participated in that survey. Indian representatives have come to our International Management Teaching Academy and I have attended conferences in India. One of these was on Management and Entrepreneurship, held in Bangalore. We are also pleased to have the first three Indians on our Young Managers Program and the first Indian graduate from our MBA program. We sincerely hope that these exchanges will continue in the future.

I wish you a very interesting and exciting day. I hope that you will return home with answers to your questions and memorable lessons from this roundtable.



## Welcome Address

**H.E. Mr. Jayakar Jerome**  
*Ambassador of India to Slovenia*

*Dear Professor Purg,  
Ladies and Gentlemen,*

I will not take much of your time because I assume that, being business people, you are impatient to get down to business straight away.

On behalf of the Indian embassy, I extend a very warm welcome to all of you. I see many familiar faces here as I have visited all your companies across Slovenia. I am glad to see you again and I am especially happy that we have Mr. Chaudhary with us today, who has come all the way from India.

I am also very thankful to Professor Purg who agreed to stage this event without any hesitation. Together with her team she worked hard to make this roundtable possible.

I must also thank those of you who have come from India to tell you about business developments in my country. The main authority on India is of course Nataša Turk since she has written a book on doing business there.

The idea of this roundtable is to expose you to India and expose India to you. Hopefully, this can develop over time into some kind of Indian-Slovene business group. As you know, at present there is a lot of interest in emerging economies, and especially in India. Business people have discovered that the world is much bigger than Europe and it is time to go out and grab the existing opportunities.

A lot has been said about the ongoing crisis in Europe. Yet, something strange is happening to our bilateral economic relations. In 2009, our bilateral trade was worth 215 million euros. In 2010, it increased to 246 million. Last year,

it reached 288 million. The number of Indian visas that we issued to Slovene nationals last year was 2,900. As far as business visas are concerned, their number was 221 in 2010, whereas last year we issued 322. Those of you who have been in India know that my country is a land of opportunity. We have much in common with Slovenia. We are vibrant democracies governed by the rule of law. We have an unfettered press and an independent judiciary. It would not be fair if I compared India to other countries. Yet, the country characteristics that I mentioned present India in a favorable light as they are an indicator of how much we have in common and what comfort level you will enjoy if you come to do business in India.

As you all know, the main problem is how to find a good partner so as to launch a successful business in India. I think that there are some pioneers in this room today who can help you with some advice. The Embassy is always at your disposal.

We are happy that the Indian-Slovene trade balance is in our favor. But we are not happy with the fact that the kind of Slovene investment that we would like to see in India, or Indian investment in Slovenia, is not happening. I keep telling people in Slovenia, including the President and the Prime Minister, as well as colleagues at the Ministry of Economic Diplomacy, that any business that is expanding abroad would look at five criteria. I am mentioning this because you are influential people and I would like you to use your influence with the government.

The first thing that businesses look at in another country is the visa regime. The second is how easy it is to obtain a work and residence permit. The third one is the cost of labor. If I employ a Slovene, what will that cost be to my company in terms of wages, insurance, and pension? The fourth question is what kind of taxation the business would be subjected to. And the fifth is infrastructure.

Look at the first four of these criteria and you will understand why it is so hard for Indian businesses to set up operations in Slovenia. I hope that I can have your assistance in this matter.

I often tell European business people that if you come to India, things will not happen right after that first visit. I tell them not to be scared after they get off the plane and see all the hustle and bustle outside or if they get into a taxi and observe that traffic regulations are not the same as at home. What is more important is that India is a land of opportunities. But at the very least, even if you do not manage to seize any of them, you will have been a visitor to India. As Jawaharlal Nehru, our First Prime minister, said, *"welcome a visitor and send back a friend"*. Therefore, even if you do not manage

to set up a business right away, you will become a friend of my country. Our country did not open up to the world recently. It has been open for centuries. Whoever came was welcome. We never talk of India being invaded. We simply say that the foreigners came to us. You might be surprised to learn that Christianity reached India before it came to Europe. It is believed to have been introduced to India by Apostle Thomas who visited Kerala in 52 AD to spread the Gospel among the local Jewish settlements. India is a country that has always accepted people from all over the world. The result is tremendous diversity in culture and religion. Although our Constitution states that India is a secular country, secularism is understood in way that is different from the European interpretation. Our government encourages people to pursue their own religion. We have 28 religious festivals and everybody participates in everybody else's festival.

Let us now put our minds together and open up our hearts and minds. Let us have a positive attitude. Let us hope that something tangible will come out of this roundtable.

*Thank you.*





## Welcome Address

**Mag. Marjan Hribar**  
*General Director of Directorate for  
Tourism and Internationalization,  
Ministry of Economy*

*Ladies and Gentlemen,*

It is a great pleasure for me to attend this event and exchange some ideas with you on the possibility to enhance the existing cooperation between India and Slovenia. I am also pleased to welcome Mr. Chaudhary, Secretary of the Department of Public Enterprises of the Indian government.

India is one of the fastest growing economies in the world. Because of that, and its large size and diversity, it offers many business opportunities, also to Slovene companies. In the past few years, the two countries have frequently been involved in activities for the enhancement of our cooperation at different levels. The Chamber of Commerce and Industry of Slovenia and the Indian Embassy in our country have played a very active role in this process. We can also mention our prime minister's visit to India last year and the business delegation that accompanied him. That was an important step in the establishment of closer relationships between India and Slovenia and we hope that it will provide the necessary impetus for joint business projects.

It is important to give Slovene companies an opportunity to learn as much as possible about the Indian business environment and the existing business opportunities, the important institutions, the legislation, and the government's plans for developing the economy. All this knowledge will help them decide if they are ready to enter this challenging yet highly promising market.

As I said already, India has a fast-growing economy and its size is already overwhelming. In fact, the Indian market is so large that some Slovene companies, especially small

ones, might be disinclined to deal with it as they would not know how to approach such a giant. Doubtlessly, to be successful in a country like India, any entrant needs to obtain as much information as possible. We are currently implementing a program for the internationalization of Slovene companies in 2010-2014. It can be useful to those who are considering their first steps toward the Indian market.

I would like to mention also another instrument that business people might find interesting. We are planning to finance a business delegation to India and facilitate individual and group participation at Indian business fairs. However, due to the preparation of our new budget, these activities have been delayed. Nevertheless, we hope to be able to launch them very soon.

I have more news that might encourage Slovene business people to consider doing business in India. The European Union and India are starting negotiations on a free trade agreement. Upon the conclusion of that agreement, exchange of goods and services between the two partners will be much easier. This is important to consider when deciding whether from a long-term business relationship with an Indian partner.

The Slovene Ministry of Foreign Affairs, in association with other government bodies, is planning to set up a joint Slovene-Indian committee in India later this year. That would be a good opportunity to explain to our Indian partners what challenges we perceive on the Indian market as well as to outline opportunities for faster development of our economic relations. Of course, I hope that this

committee will be accompanied by a business delegation and high-level representatives of the Slovene government.

I must also stress the importance of foreign direct investment and joint ventures. It is good to know that we have already signed two important agreements with India: one on the reciprocal promotion and protection of investment and one on the avoidance of double taxation. I must add that we support foreign direct investment in both directions.

Last but not least, I have information from different sources that the main perceived areas of cooperation between the two

countries are renewable energy, green technology, engineering projects in the energy sector, manufacturing of machinery, information technologies, environment-related technologies, and tourism.

As my background is in tourism, I would like to end my address with a note on it. In Slovenia, we are aware of our strengths in that sector: human and natural resources, dedication to perfection, and excellent knowledge of the hospitality industry. We are glad to notice that this is appreciated as the number of Indian tourists has been growing every year.





## Welcome Address

**Mag. Samo Hribar Milič**  
*President and General Manager  
of the Chamber of Commerce and  
Industry of Slovenia*

*Your Excellences  
Ladies and Gentlemen,*

I am very pleased that the Chamber of Commerce and Industry of the Republic of Slovenia, in association with the IEDC Bled School of Management and the Indian Embassy in Slovenia, has the opportunity to organize this round table.

A few years ago, we sent a business delegation to Central Asia. One evening we discussed Slovenia's problems. At some point, Mr. Rudi Bric provoked us with a direct question. If we struck oil or gas in the middle of Ljubljansko Barje, what should we do? He also gave us an answer: We should export it. As Slovenia is a small market, export is essential. Last year, our total exports surpassed the figure of 2008.

This is a beautiful spring; one of the most beautiful in a long time. Ironically, we are only talking about the crisis and the recession. Nevertheless, Slovenia is doing very well in terms of exports. At least one part of our economy is already globalized. Of course, we still need a lot of support to improve our business. In this respect, India is becoming increasingly essential. I am very pleased that in the past seven years, our trade exchange with India has increased more than six fold. This is true even of the past three years despite the fact that they have been characterized by economic difficulties.

Why is India so important? Because by 2030, its gross domestic product will have increased almost five fold. Every year, India needs another 8 million square meters of commercial and residential space. That means that it needs a new city about the size of Frankfurt every year. The opportunities in India are simply enormous.

Our Chamber has been organizing a wide range of business events for the Slovene business community: seminars, roundtables, workshops, and meetings with Indian businessmen. A number of sector-oriented activities are being prepared for this year, too. We are going to have a road show of Slovene metal-processing industry in Chennai and Mumbai in September. In February this year, our Chamber was nominated as the European business and technology center contact point for Slovenia. This means that we are a promotional tool for European clean technologies in India. Business, science, and the research community in energy, environment, transport, and biotechnologies, can use us as a bridge to India to explore its market potential and the opportunity for implementation of new technologies in that country.

As a concluding remark, I would say that we need to achieve a better visa regime that will facilitate business relationships between our countries.







## *India as a Land of Opportunities*

**Dileep Raj S. Chaudhary**  
*Secretary, Department of Public Enterprises, Government of India*

### *Why and how to invest in India and preconditions for success*

I am privileged to be visiting your lovely country and I think that Slovenes are privileged to live in such lovely surroundings. The IEDC-Bled School of Management is also very beautiful and an impressive lifetime achievement for its director, Dr Danica Purg. We must thank her for hosting us here today.

I have decided to start my presentation with a slide that should give you a sense of what India is like. You can see that the map of India suggests that it is something bigger than a country: it is a subcontinent. The total population is 1.2 billion, living in 28 states. The country's surface is 3.3 million square kilometers. This gives you a sense of India's size.

In the past few years, the trouble in the Euro zone has eroded the confidence of business. Decision-makers are grappling with the need to protect the European economies from recession. All countries of the world are facing this challenge albeit to different degrees. Therefore, we must all join our efforts to avoid that scenario. The entire world must find a solution for the common good of all human beings. As far as India is concerned, we offer a huge market. Our middle class has grown substantially and I would like to return to this topic a little later.

I would like to share some facts about India with you. We have 22 main languages. There are thousands of dialects, of course, but these are distinct languages. All religions of the world are present. Some of the largest companies of the world, such as PepsiCo, Citibank, and Sigma, have Indian chief executive officers today. The deans of Chicago

Business School and Harvard Business School come from India. We have nine Nobel-prize winners. Interestingly, 25 million Indians live in 91 countries, whereas 20 million foreigners reside in India at present. It is a country where everybody feels at home.

Let me now turn to the Indian economy. Despite the uncertain global scenario, during the financial year 2011-2012 the Indian economy grew 6.9 percent. We expect that growth will reach 7.5 to 8 percent in the next few years. Between 1980 and 2010, India's economy had an average growth rate of 6.2 percent while the world's economy as a whole grew at a rate of 3.3 percent. As a result, India's share of the world's GDP more than doubled during that period: from 2.5 percent in 1980 to 5.5 percent in 2010. We expect this figure to grow to 15 percent by 2030. While India's GDP did dip in 2008-2009 because of the crash of the global economy, it bounced back to 4.8 percent in 2009-2010. We think we will reach 9 percent in 2012-2013.

As far as foreign direct investment is concerned, India is only behind China and the United States today. Since 2001, the total amount has reached 160 billion US dollars. Only between April 2011 and April 2012, 26 billion US dollars were invested in India. In a recent study, the Boston Consultancy Group finds that over 90 percent of the foreign companies working in my country were profitable, whereas 60 percent state that their Indian subsidiary is the most profitable of all their global operations.

As the ambassador mentioned some time ago, we have a very strong judicial system.

We have a free press and democracy. We have independent regulators. Normally, foreign companies should feel very comfortable in India because all the necessary regulation is in place and it is run by professionals.

At present, 15 Indian billionaires have made the Forbes list. Of the 10 richest people in the world, four are Indians. Indian annual exports have reached 184 billion US dollars, whereas imports total 273 billion.

India's agricultural sector accounts for a large part of our economy. Seventy percent of the land is used for agricultural purposes. We are a big producer of milk, coconuts, cashew nuts, tea, sugar, and fresh vegetables. We have the largest road network in the world. As you probably know, with 1.4 million employees, Indian Railways is world's largest employer. The railway network stretches over 64,000 kilometers, which makes it the fourth longest in the world.

India is the largest manufacturer of tractors in the world and the fifth largest of commercial vehicles. The world's cheapest small car is called Nano and is made by Tata Motors. It costs only 1,700 euros.

In the past, India's economy followed a socialist pattern, including five-year plans. Although we still have such plans, we have moved away from the socialist model and our economy is much more market-oriented as a response to the competitive world that we live in. The socialist model imposed certain restrictions that did not suit us; therefore we had to get rid of them.

We have what we like to call "a green revolution". India used to be a net importer of food grain, whereas now we are an exporter of that commodity. We have good agricultural universities, intense land irrigation, and high-yielding seeds.

Up to 1991, our economy could be characterized as more socialist than capitalist. In 1991, we started dismantling the entire licensing regime upon the initiative of the then finance minister and current Prime Minister Manmohan Singh. That regime had been very cumbersome as licenses were required for almost everything; they only had not thought of a license to breathe the air in the atmosphere. As a result of the liberalization that started in 1991, many multinational corporations have entered India and foreign direct investment has skyrocketed. The public

sector is also being privatized, albeit on a very selective basis. The government controls 248 public companies. Of these, 158 are profitable. There are 1.4 million employees in the public sector, excluding the railways. They work in agriculture, mining, heavy engineering, construction, mining, and other industries.

Since 2001, the household savings rate has grown from 23.5 percent of GDP to 32.2 percent. The investment rate has increased from 23.6 percent to 35.1 percent and the annual growth rate has risen from 5.8 percent to 8.4 percent.

Now, we come to the crucial question: Why come to do business in India? We have the third largest pool of scientists and skilled manpower, as well as low wages and low costs. We have a business-friendly government that imposes the rule of law. The population is predominantly young and the middle class is expanding, making for a large market. India has world-class airports some of which are being privatized. For example, the Delhi and Mumbai airports are private by now. There is strong investment in new roads. The investment target for 2012-2017, which is our 12th five-year plan, is 1 trillion US dollars.

India is also known for its high-level computer literacy and excellent communication services. Small European companies that would like to establish a presence in India but are put off by the cost of travel might consider using the Internet. In the digital age, physical presence is not crucial. As long as you have a valuable product, you can market it thousands of miles away. One of the reasons that India has made such strong progress in information technologies is that it has a 12-hour difference with the United States. Our American partners were delighted to find that if at the end of a workday they still needed a particular solution, they could go to bed; the solution would be delivered to them from India the very next morning.

To summarize, India is a democratic country with a free and independent judicial system and a free press. Our business and financial regulators are independent professionals. We have been told by foreign companies in India that it is these pillars that they rely on and find most helpful. A final reason for coming to India is that - as the ambassador put it - we want to be friends with you.



## Slovenian Business Pioneers in India – Best Practices

Panel moderated by:

**Mag. Nataša Turk**

Chamber of Commerce and Industry  
of Slovenia

### **Mag. Nataša Turk**

*"This roundtable will include short presentations and questions and comments from the audience. If you would like to raise any issues please do not hesitate to do so. I now give the floor to our veteran, Dr. Fabjan of Litostroj, the Slovene company with the longest tradition in India."*

### **Dr. Drago Fabjan**

*General Manager, Litostroj Power*

*"We started our operations in India in 1958. That was the time of former Yugoslavia and the non-alignment movement. Since then, we have completed more than 20 projects in India."*

*"Our company is a supplier of equipment to hydro power plants. We are a producer of turbines and a supplier of generators. We have been able to complete turnkey projects in Canada, the United States, and particularly in India. At the moment, we have four big projects going on in that country whose total worth is 85 million euros. We also have about 100 million euros worth of potential new projects in India. Despite this long experience, I would not say that we know India inside out as it is a huge country and each state is different."*

*"We are about to set up a company in Mumbai for the purpose of engineering and quality control. We have been able to identify some very good Indian firms that we can work with. I advise other entrants into the Indian market to find such good local partners. That is the best way to start a business in India as the taxation and administration system are very complicated and sometimes we do not understand them well. The taxation system is different in each state and there are some 200 taxes that can be levied on your product. You may not need help from a local partner if you are just exporting to*

*India but if you have a local presence, it may be necessary that you find somebody to work with."*

*"Despite these difficulties, it is worthwhile approaching the Indian market because the economy is developing fast and there is a growing need for energy. The country has big plans for hydro, nuclear and thermal power plants. This means lots of opportunities."*

### **Rudi Bric**

*Director and founder, PE-TRA Machines*

*"In my view, before starting a business in India, you have to understand the Indian people. I call them Homo Economicus. You will be surprised to see how economical these people are in every sphere of life. It is not an easy market. It is very competitive and it will accept your products or services only if there is a tangible benefit from them."*

*"My company produces metal-cutting machines. India has a huge amount of its own manufacturers in that sector. When I was considering my approach to the Indian market, some people around here asked me how I had come up with such a stupid idea: going to India to sell a product of which they have an overabundance. Yet, we were confident that we were bringing something new and we were very successful within two years. By now we have built a brand name in India and we have 52 very good customers. Now we are beginning to notice side effects. The side effect of a good brand is that you get business where you did not expect it. At present, we are offering the first machine in the world for substituting manual work in aluminum casting. We hope that eventually we will substitute manual production all over India."*



*"This means that nobody should try to bring me-too products to India. That is a recipe for failure because of the huge competition. The market is totally free and there are all kinds of products. You have to think of something new."*

*"Slovenes are good at keeping good things secret. For example, we do not mention our Yugoslav past; we seem to be trying to forget it or hide it. But Yugoslavia had a good image in India as a manufacturer of industrial products. Instead of hiding our Yugoslav legacy, we should exploit it. Our wood industry has also been underused in business partnerships with India. As far as I know, in India you need a permit to cut down a single tree; besides they do not have enough wood. In Slovenia, wood is an abundant natural resource. It is also renewable and our wood products are world class. This is an opportunity that we should explore."*

*"India is a very hot country. As the middle class grows, there is an increasing number of people who want to live in cooler conditions and can afford to do so. Here in Slovenia, we have the possibility to create unique products for that purpose. We have huge knowledge in the field of photovoltaic air-conditioning and we have companies that manufacture such products. They should set up subsidiaries in India as it is too costly to export to India products that have been manufactured in Slovenia."*

*"Another opportunity to think of is house construction. As people in India get wealthier, they can afford better housing. We can produce very good houses for the Indian market."*

*"Unfortunately, we have a conceptual problem here. Many Slovenes think that investing in a foreign country is like throwing Slovene money away. But export of capital is sometimes the only way to penetrate a market that is not accessible otherwise. Brazil is a similar example. Import taxes on machines are prohibitive; they amount to 60 percent of the product value. But if you have a company in Brazil, there will be no tax."*

#### **Devid Palčič**

*Founder and President, Robotina*

*"Our company specializes in control systems. Over the past 20 years, we have developed what we call "smart green technology" - control systems for green technologies. This is a platform that we use for various vertical solutions. One of those are management systems for solar power plants. India has a strategy for the development of such plants as it has an enormous shortage of energy. Another vertical solution is smart green buildings. As India is building a lot, this is a good opportunity for cooperation. Third, we produce car guidance systems. We are beginning to promote all these things in India."*



*"We started our operations in India in 2009, attempting to sell some equipment. Immediately, we realize that we also needed to sell some of our services. We felt that the best way to do that would be to have a local partner. We started with a partner from Mumbai and developed some projects but the partnership was not quite successful. In Slovenia we call India »wonderland«, yet we found that this is not always true when you are trying to do business there."*

*"Eventually, we tried another approach. We are doing good business in Japan, Thailand, and Taiwan. Some of our Japanese customers had been involved in India. We followed that track and started promoting our power plant management system. Some Indian investors realized what advantages we were offering compared to the competition. In 2010, we delivered equipment to several power plants. After working directly from Slovenia, we started contacting local agents. They helped us do business in India without actually running the business for us. Gradually, we built up lasting partnerships with some Indian companies. Currently, we are looking at possibilities to set up local production facilities. The reason for that is that we have discovered that if we operate from Slovenia, we cannot provide the level of service that is required in India. Also, we cannot be competitive in the top 20 percent of our product line. Besides, to be competitive, we need not only to assemble locally but also to use local supplies."*

*"I agree with the previous speakers at this conference that Indians have a very positive attitude to business. This is an advantage that works in their favor. To give you just an example, a couple of weeks ago I asked an Indian partner to prepare a report for us. Although it was a Sunday, they did a very meticulous job right away, cracking all numbers and finally presenting an excellent report. They have some extremely capable people that are a pleasure to work with."*

**Mag. Mihajlo Ceraj Cerić**

*Life Sciences Director, Infotehna Group*

*"I am Director of the Pharmaceutical Department of INFOTEHNA Group, an SME involved in document management for the pharmaceutical industry. The reason we think we are special is that we not only sell software but also knowhow. Consequently, we employ both information technology experts and specialists in pharmaceuticals. We provide turnkey solutions for different types of document management in the pharmaceutical industry. By now, our services have been used in Europe, in the United States, India, and Indonesia."*

*"Since India has so many pharmaceutical companies, we thought it was logical to find a market for us there. We also knew that the Indian information technologies sector was doing very well as they have the best experts in the world, and felt that our knowledge of the*

European market and its regulations would help us. Therefore, we approached India in the same way as if we were to penetrate a European country. We set up workshops in Mumbai and quite a few people from good companies attended them. We were quite confident that we had hit our target and some business would follow. Yet, nothing happened."

"Later, we discovered that this is not the way to start a business in India. Most pharmaceutical companies in India are privately owned and run by the owners. This means that you cannot rely on middle managers to get you a contract. You need to start from the top. Unfortunately, we did not have access to the top people. Instead, we found a representative with very good connections in the pharmaceutical industry in India. He had direct contacts with owners and chief executive officers but he did not know anything about our business. We decided that he should attempt to open some doors for us so that we could present our solutions. This strategy worked out well. We have earned some big contracts with Indian pharmaceuticals and we are conducting negotiations for more, hoping for an expansion of our business in that country."

"We have also discovered that the fact that we are doing business in India has opened doors to other countries in the region.

We found that Indonesian companies are looking at us in a different way now since we are established in India."

"To conclude, I think that the key to your success in India is to have a local partner with a good knowledge of the market. You cannot do anything out of Slovenia; nor can you do anything by just popping up in India in saying, »Hi. I am here and I would like to do business with you«."

### **Dileep Raj S. Chaudhary**

Secretary, Department of Public Enterprises,  
Government of India

"The Indian parliament is considering a law on compulsory reporting of investment in sustainable development, green technologies, and corporate and social responsibility. Very soon, all companies will have not only to report to their shareholders how much money they have spent in these sectors but also to explain each project.

This means that eventually there will be a huge market for products in these fields."

### **Dr. Drago Fabjan**

"It is clear that if you have a local partner, it will be easier for you to penetrate the market. But there is another issue that is more difficult to solve. When is the right time to have a support team on the ground? And how exactly do you organize this support?"

### **Mag. Mihajlo Ceraj Cerić**

"The software industries are different in terms of support that they need than, say, the hardware industries. Suppose you are in India and you have some kind of software problem. You can call your expert in Novo Mesto and you will get some immediate action. For that reason we do not use any support anywhere in the world outside Slovenia. We have found out that support we get from Novo Mesto is much better than anything we can get from any other place. To have good support in Mumbai, you have to train some people there. It takes a least a year to produce a good expert through training. Besides, they are not likely to encounter software problems more than a couple a times a year. Yet the expert in Novo Mesto deals with this issue every week. It was quite difficult to explain this to our customers but eventually they agreed with us and now we do not use any local support in India."

### **Rudi Bric**

"We do not have a single support engineer in India. We produce a product that does not need any support. If something happens, we solve the problem on a case-by-case basis. Indians find this surprising. If you supply a machine, they will ask you to add replacement parts for three years. We tell them that we do not supply any servicing parts. We provide high-quality technology plus a two-year guarantee - something that no Indian producer will give you. At first, our customers were hesitant because they are not used to such conditions; they do a lot of maintenance. But they gradually came around to our way of thinking and switched to working with our technology that does not need much maintenance."

### **Mirjana Dimc Perko**

Chairwoman, InCon

"Interestingly, according to statistics, there is very little cooperation between this part of the world and India, even though there was a lot of exchange between Yugoslavia and India in the past. It is also interesting to observe that Indian companies are beginning to increase their investments exposure abroad, also outside

English speaking countries. I do not know if that is a good or bad thing for India in the short term, because there are plenty opportunities to invest in India, but in the long term it must be good because the country will be able to get further access to know how, markets and technologies that are available abroad."

"We have a partner in India who is helping us identifying right partners and opening doors. We have recently approached a couple of big companies, like Tata, Mahindra and discussed with them what kind of investment they would be interested in. In most cases, we hear that they are not interested in portfolio investments, but companies that could be complementary to their existing business and which could bring synergies either in form of expanding their product or service or getting access to new technologies or markets."

"Also, we have been discussing some common mistakes which foreign companies do when they invest in India. Indians are very proud people and very well educated. The literacy level is rising and the education system is receiving strong support from the government. They have many excellent engineers and managers that can run a business or think of solutions to all sorts of business problems much better and more innovative than Europeans. When European company names their own people for

managers, they might lose many those qualities which locals can bring. Indian managers also know much better how to deal with local legislation and administration; unfortunately we know that corruption problem is still a big issue in India. But still there are many companies that manage to keep their hands clean and reject any sort of corruption practice and are doing business very successfully."

"When dealing with an Indian company, it is like everywhere else in the world: there should be something for both parties. Slovene companies are used to own their subsidiaries 100 percent and fully controlling them. Yet, this may not be a good strategy in India. The recipe for success is to find a right (proven) local partner and share know how in both directions and then also participate in all the benefits."

#### **H.E. Jayakar Jerome**

*Ambassador of India to Slovenia*

"I would like to make a comment on corruption since the topic was brought up. Of course, this problem exists because Indians are human beings like everybody else on earth. But let me give you an example of how we do business. The largest fighter aircraft tender in the world was in India. Companies from the United States to Russia competed for that government order. Ultimately, the tender was won by







France. When we make a decision about buying something, we are not simply interested in the product. We are also interested in the technology that goes with it. The only criteria followed was – what is best for India and nothing else."

**Dileep Raj S. Chaudhary**

"Like in any other country, there are people in India who are corrupt. But let us talk about the structures that deal with corruption. One of our former ministers is now in jail and he has been jailed for a year. We have an independent judicial system that is far from the politicians. The judges will base their decision on what they think is right. While the political system could not do anything about this particular minister, the Supreme Court took the matter in its hands and sent him to jail. It is true that corruption has not disappeared but there are structures that are fighting it. The name of the game is that you need to have a structure in place. People are inclined to make mistakes but if they know that the system is strict and they can go to jail, they will think twice before they get engage in a corrupt deal."

**Mag. Nataša Turk**

"Now let us give the floor to Mr. Tampi of the DTS company who is working in Budapest. Mr. Tampi, what brought you to this part of the world?"

**Dinesh Tampi**

*General Manager, Delivery Center Head, TATA Consultancy Services*

"Our company is part of the Tata group which has about 425,000 employees. We work in the information technology area and employ about 50,000 people. In Hungary we have the first center that our company has set up outside of India with some 900 employees. Most of them are from Hungary or the region around it; there are only about 20 expatriates."

"The reason for setting up shop in Hungary is that we want to be close to our customers. In this way, it is easier to provide support for them, especially in terms of language knowledge. We support 33 languages at our center.

Before setting up a regional center, we do a feasibility study. You usually meet with the ambassador and study the local situation; then we analyze this information and do an assessment. If our further expansion in Europe is successful, we will definitely consider setting up a center in Slovenia."

**Dileep Raj S. Chaudhary**

"I must point out that the Indian government is more than happy with Indian foreign investment abroad. This helps us look for raw materials. India has a shortage of many types of raw materials. Nowadays, the situation in that sector is such that if you own the company,



*you own the supply. As a result, a number of our companies are investing in assets that they could use to buy raw materials, including coal."*

#### **Devid Palčič**

*"I have a question for Drago Fabijan. You compete against a lot of companies from all over the world. Some of them may offer better quality than you although they are more expensive. Others use their low cost as a competitive advantage. What do you rely on to win your contracts?"*

#### **Dr. Drago Fabjan**

*"When Indians announce tenders, they put everything on the Internet. It is all very transparent. The price is always important but it is never enough. You also have to offer quality. Everybody around the world knows this rule: good quality for a good price. To win, you must offer the best balance between the two. There are only a few examples of Chinese companies winning a tender on nothing but a low price. The bigger a power plant is, the greater the importance of quality and reliability. Indian customers expect good quality and are not satisfied with anything less. Of course, they are also price-conscious. This is a challenge for us because we are still used to having our manufacturing operations in Slovenia but that increases the price of the products. We may have to retain the production of the most sensitive elements, like the turbines, in Slovenia but the rest should be outsourced to India."*

*"We need not view India only as a final market. We found that they have excellent connections to other Asian countries, the Middle East, and Africa. This makes India a good hub for export."*

#### **Rudi Bric**

*"Let me give you an example of how you might need to adapt to the Indian reality if you want to beat the competition and how India can help you become more competitive worldwide. In Slovenia our catchphrase was "Quality you can afford". We thought it would be good for India as well. Yet we soon found that we should change it to something more specific: "Lowest cost per cut in the world". Then we discovered that this was a good catchphrase for the rest of the world as well. Yet, if we had not been in India we would not have known that."*

#### **Question from the audience**

*"I would like to ask a question about intellectual property in India. Quite a few companies are afraid that if they move their production to India, their patents will be copied just like in China, where there are no rules about intelligence property. What is the situation in India?"*

*"I also have another question. I know that the Indian government has introduced the concept of Limited Liability Partnership. I am interested in the difference between this type of legal entity and a private corporation."*

**Dileep Raj S. Chaudhary**

*"I can answer the first of your questions. Indian companies hold a huge number of property rights. It is not in the interest of Indian companies to copy from others because if they do that, others will copy from them. Therefore, this is not a serious issue in India."*

**H.E. Jayakar Jerome**

*"I can add something to the first question. I already pointed out that Slovenia and India have four things in common. We are open democracies. We have the rule of law, a free press, and an independent judiciary. We are responsible and we are smart enough to realize that it is not in our self-interest to copy intellectual property."*

*"The second issue that Mr. Knez raised is in the field of corporate law. There are different types of companies in India. In a sole proprietorship and a partnership, you have personal liability, whereas "private limited" implies that your stock is not traded at the stock exchange. Yet, if you need to borrow money from a bank and provide some collateral, that would be your personal property. This means that if your company goes bankrupt, you also go bankrupt. Then, there are public limited companies that trade their stock at the stock exchange without any personal liability. All these are strictly controlled by various state monitoring agencies. This makes business very safe in India. The laws*

*apply to foreign and Indian companies alike and the intellectual property regime is very strict."*

**Rudi Bric**

*"Let me share some practical experience with you. Twenty-five percent of our company is owned by an Indian individual whereas the rest is Slovene-owned. Initially, it was an Indian company. Later we bought its shares and became the majority owner. This is one way of setting up a business in India; it is possible in sectors where no restrictions apply and no special approval is needed from a state agency. It is a relatively quick process; you just have to find a reliable lawyer and he will do it for you."*

*"Once you have set up your company, some very interesting things start happening. For the first three years of its existence, you cannot even ask for a loan from a bank. You have to make some very personal commitments to get some money. For example, I had to collect some capital in Slovenia and used my own house as collateral. The Indian banking system is conservative and they will not deal with a company that has not been around for at least three years. If they lend you some money, they want to be sure they will get it back; they are not greedy for immediate profits. So, if you want to set up a private limited company in India, you must have an Indian partner and you must use some of your personal property to get the business going."*





*Of course, our Indian partner was in the same situation."*

*"As for the copying problem, I do not think it really exists in India because the regulations are quite strict and they are vigorously applied. I must also tell you an interesting anecdote. Once, at a trade fair in Bangalore, I was approached by the technical director of one of our competitors. He came up to me and said, "I must admit that we have failed to copy you". That is what he said and he did it with a straight face. We have registered patterns in Slovenia but not in India because the process is costly. Yet, the man admitted that they had tried but were not successful. He even showed me their machine. This proves that you do not need to be afraid that Indian companies will steal your ideas. Before you have a viable product, there is a hell of a lot of work to do and it takes an awful amount of effort and time. If you want to protect your product, innovate it once in a while before others have managed to copy it. That is how you can protect it. If you manage to produce something that delivers what your customer needs, and it does it better than the competition, your products can command a high price even in India. There is no doubt about that."*

*"In 1991, India did not have a huge information technology industry. Things exploded after India launched its first satellite into orbit. It was not a private initiative but a government project. After that, India set up very cheap*

*communication lines with the United States. That's how it all started. What I am saying is that such good things do not happen by chance. They require good infrastructure. Once it was in place, it was possible for India to develop a 50 billion US dollar information technology industry."*

*"When I was visiting the InfoSys center in Bangalore, the Slovene prime minister said to me, "Rudi, we are never going to have anything like this, are we?" In fact we have it, because you have to take into account the fact that Slovenia is 600 times smaller than India. The fact that we can make turbines and sell them to India, beating all the competition, means that we can produce good things in Slovenia. It means that we should not wait and see what will happen but work and make it happen. Set an example of a good business practice and take it to your political leadership. Ask them to build a policy around it so that they support you and other similar examples that come after yours. That is what will ensure growth."*

#### **Question from the audience**

*"I am interested in labor laws in India. Are there trade unions? How do they conceive of their task and how easy are they to work with?"*

#### **Dileep Raj S. Chaudhary**

*"We have a very flexible labor law. However, it is not as flexible as in the United States where*

you can hire and fire at will. The reason for that is that we had a socialist past. We also have trade unions. However, we found out in 1991 that they were much more receptive to logic and reason than before because labor was far better paid than in the past. They realized that if the company were not doing well, they would not get paid. This means that there is a change in the attitude of the trade unions."

"We also have labor courts. If a company does not deliver to the workers what it is bound to by law, it faces stiff penalties. I do not think that labor presents any big drawback for industry. It is not an issue that has been raised with the Indian government by visitors from overseas."

"There are trade unions also in the government sector. But they do not go on strike often because they realize that if they do so they will lose wages. That is my understanding of the labor situation."

#### **H.E. Jayakar Jerome**

"I can add a different perspective to this. One of the jobs I have held in India was that of Labor Commissioner. There are lots of labor laws and, naturally, they tend to protect the interests of labor, yet they also attempt to provide a balance with the interests of business. If a dispute does arise, the Labor Office's first effort is focused on reconciliation. It tries to bring the two parties closer together. If that does not happen, the parties are referred to a court. Nevertheless, activities of this kind stopped around 1991."

"There are some obligations on the part of the employer: whatever is due to labor - be it wages, retirement payment or anything else - is a first charge. You cannot just file for bankruptcy and tell the workers to go home. However, workers understand well that if the company does not prosper, they will not prosper either."

"We have 28 states. The beauty of that is that each state competes with the rest to attract investment. This means that they provide incentives to foreign capital. There is still government bureaucracy to be sure but it is being made much easier by the fact that businesses have only one point of contact with the government which handles all the necessary paperwork for them."

#### **Dileep Raj S. Chaudhary**

"I would like to make a point about corporate social responsibility since this issue was mentioned before and it is becoming quite

prominent in India. Many companies are making efforts to do something in that respect, yet they are falling short of the mark. Some companies tell us that they sell cheap medicines in rural areas. We tell them that this is not corporate social responsibility; it is just a clever marketing strategy for rural areas. Others point out the fact that they have good remuneration packages for their workers. That is not corporate social responsibility either; it is just part of their human resource management strategy. Corporate social responsibility implies giving something back to society. If you are running a successful enterprise anywhere in the world, the society around you deserves something back because it has helped you thrive. This being said, there is no law in India that imposes corporate social responsibility. There is only a law that asks all companies to disclose what they have been doing in terms of corporate social responsibility."

#### **Question from the audience**

"Could you please tell us how far the foreign trade agreement between India and the European Union has gotten so far and what is the time frame for its implementation?"

"I would also like to hear what major mistakes foreign companies have made while trying to penetrate the Indian market."

#### **H.E. Jayakar Jerome**

"The European Union is a tough negotiator. I visit many universities and I tell them that if they want to make extra money, they should set up courses that explain how the European Union functions. The European Union is becoming an increasingly complex entity and it is increasing difficult to understand how it works. The free trade agreement negotiations are going on and we are being told that the agreement will happen. We do not know when that will be but we sincerely hope that it will be signed before the end of this year."

"I would also like to tell you that the Indian embassy in Slovenia is here to help you should you need any information about business in India."

#### **Question from the audience**

"Indeed, when you are entering a foreign market, you need to consider different options and we are doing precisely that. But I would like to come back to my second question. What are the typical mistakes that foreign companies

make as they try to set up subsidiaries or partnerships in India? Or is it the case that everybody is always successful right from the start and there are no mistakes?"

**Mag. Nataša Turk**

"I have discussed Gorenje's strategy with a representative of a company in the same sector. He told me that they wanted to implement the same penetration strategy in India as everywhere else. I think that Gorenje went the same way. It tried to retain full ownership, without sharing with a local partner. This is one potential mistake."

**H.E. Jayakar Jerome**

"Gorenje has a very good product. However, there is cut-throat competition in India. Companies slash their prices so as to be competitive. If you find a good local partner to launch your products, that could be an advantage."

**Rudi Bric**

"If you want to be successful in India, you should just go there and set up an operation, even if it is not perfect. I know that Gorenje always tries to do everything right from the very start. That is why they failed in Brazil and they are failing in India. They should have had a manufacturing subsidiary in India 10 years ago. As we went to India, we believed that our local partner would do everything right. We were mistaken. All the parts that our partner produced were defective and we had to throw them away. Then we sent one of our engineers there to supervise the production process and everything turned out all right."

"We had a Spanish competitor who had been in India three years before us. They had invested 10 million US dollars, trying to set up a perfect company. Yet, their big mistake was that they tried to impose the European way of doing things in India. As a result, they produced three machines in three years, whereas we produced 52 machines in two years. How did we achieve that success? We adapted to the Indian way of doing things. If you try to impose your business culture on others, you will certainly fail."

**Devid Palčič**

"I agree with Mr. Bric. Whenever you go to a foreign country, you have to consider the local culture. Indian culture is very different from ours. The first mistake that you can make in

India is to try to be too Slovene. That is why it is a good idea to have a local partner who can guide you through the intricacies of Indian culture."

**Mag. Nataša Turk**

"I would add that it is not enough to just have a partner who sits in on your board meetings. Indians expect to be involved as they are very innovative and they want to help you solve your problems. They would be delighted to do that for you."

**Dr. Drago Fabjan**

"After my first visit to India, I completely changed the project management program. We now teach our project managers how to survive in a hot, tropical environment, where conditions are not the same as back home. Hydro power plants are normally in the middle of nowhere; they are not near an air-conditioned five-star hotel in Chennai. There are snakes around them and tropical diseases, and the heat and humidity can be quite taxing. But since Indians can tackle all that, we too can learn how to tackle the local conditions."

**Mag. Mihajlo Ceraj Cerić**

"I also think that it is very important to consider the local culture and local conditions. In our case, it is very important to have a good Internet connection; at least 2 MB per second. Our Internet supplier in India told us that this would be no problem. When we arrived in India, we found that the speed of the connection for the whole area was 7 Kb per second. When you go to India, you should not take anything for granted."

**Mag. Nataša Turk**

"I think it is now time to wrap up this roundtable and summarize it. The first conclusion is India's biggest potential is its people. They have knowledge, intelligence, and passion. Second, those who go to India need to prepare well for their survival, respect the local business culture, and follow the local laws, rules, and regulations. Finally, you should be an optimist: go there and do it as Rudi put it. And remember that India is not only a final market but also a springboard to other markets in the region."

## List of participants

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<b>Jana Bajec Povše</b>	Ministry of Foreign Affairs, Minister Plenipotentiary
<b>Peter Bandelj</b>	Schenker d.d., Director of Business Unit Koper
<b>Andrej Božič</b>	Steklarne Hrastnik d.d., President of the Board
<b>Jožef Bradeško</b>	Sid Banka d.d., Ljubljana, Board Member
<b>Bogomil Breznik</b>	Pulp and Paper Institute, Director
<b>Rudi Bric</b>	PE-TRA Machines, Director and Founder
<b>Mihajlo Ceraj Cerić</b>	Infotehna Group, Life Sciences Director
<b>Dilip Chaudhary</b>	Department of Public Enterprises, Government of India, Secretary
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<b>Drago Fabijan</b>	Litostroj power, General Manager
<b>Tomaž Fleischman</b>	Be Solutions d.o.o., Senior Consultant
<b>Miroslav Gnamuš</b>	Litostroj jeklo d.o.o., Director
<b>Igor Gregorčič</b>	Ars Incolendi trgovina in inženiring d.o.o., Founder
<b>Roman Grošelj</b>	Avtotehna d.d., CEO
<b>Marjan Hribar</b>	Ministry of Economy, General Director of Directorate for Tourism and Internationalization
<b>Samo Hribar Milič</b>	Chamber of Commerce and Industry of Slovenia, President and General Manager
<b>H. E. Jayakar Jerome</b>	Ambassador of India to Slovenia
<b>Surinder K Datta</b>	Embassy of India, First Secretary CCI
<b>Sarah Kavšek Remšak</b>	VZMD, General Secretary
<b>Geoff King</b>	Independent Consultant
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<b>Mitja Kolbe</b>	Špica, Executive Sales and Marketing Director
<b>Brane Krajnik</b>	The Slovenia Times, Director
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<b>Miljan Majhen</b>	Ministry of Foreign Affairs, Head of Sector for Promotion of Economy
<b>Eva Mastnak</b>	EMA, Specialist of Sector for Marketing
<b>Roman Matek</b>	Thermana d.d., Director
<b>Dany Morisset</b>	National Institute of Biology, Project Manager
<b>Mirko Mušič</b>	Venture Consulting d.o.o., Director
<b>Devid Palčič</b>	Robotina, Founder and President
<b>Branko Pavlin</b>	
<b>Tanja Permozer</b>	Ministry of Economic Development and Technology, Secretary
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India–Slovenia  
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