

## Our Views

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### Positivity in Silicon Valley about India & its investment potential

Palo Alto, which is anyhow always buzzing with mighty Indians making their mark in the Silicon Valley, had a marquee Indian visitor earlier this week - the Finance Minister of India. And this indeed created a special buzz in the community there - both amongst the investors and the start-ups.

FICCI along with USISPF hosted a round table discussion with the Finance Minister and her team. A select group of 50 large and senior investors in digital space from the Silicon Valley - the Mecca of Science, Research and Innovation, Startups, Big tech companies and startup investing - made their presence and their positivity about India felt at the meeting.

Their interest in India and their enthusiasm made me reflect on the change we as a country have witnessed in our capital markets over the 3 decades that I have spent as an investment banker.

In terms of the depth of our market, our market cap was less than 50 billion USD in 1992 and we didn't appear on any global ranking. Today, we are the 4th largest capital market in the world with over 3.5 trillion USD of market cap. That's 75x growth in 30 years.

In terms of the comfort of foreign investors, today we receive over 82 billion USD as FDIs in a year as compared to less than 100 million USD three decades ago. This makes us one of the largest FDI recipient countries. Also, a fourth of our market cap constitutes investments by FPIs. To me, this speaks volumes about the confidence of foreign investors today in our country and its markets.

And a bulk of these indicators have moved positively over the last few years under the new leadership in India which has been actively backing the massive regulatory and governance transformation that is being undertaken.

The Finance Minister's interactions with the investors clearly revealed the government's laser-sharp focus to remove any kind of bottlenecks and create an enabling business environment. Governance today is based more and more on a new-age technology architecture, unparalleled anywhere in the world. The government is adopting faceless and paperless governance in every possible aspect. It is no wonder that today we are registering ~700 companies a day - faster than ever before, and that too with a faceless and paperless incorporation process. With no framework to enable startups a few years ago, today we are the 4th largest startup country in terms of creating unicorns. Very shortly, we would be creating 1 unicorn every alternate day.

With so much going on for India, the mood in the Silicon Valley towards the country was extremely upbeat. The government and the finance minister actively engaged with the audience on a range of issues including the crypto and the CBDC. The investors had some specific suggestions on ease of doing business, taxation with regard to ESOPs, delisting and media management in the US to disseminate the good work happening in India. Further, they shared their US experience of a 5-year tax holiday for start-ups. Also, there were a couple of interesting suggestions on innovative ways of financing startups - creating a large dedicated Indian fund for startups being one of them.

This visit has the potential to further strengthen the investment climate and boost the confidence of investors. This visit to Palo Alto and the interactions there tell you that the time has come for India to create many of its own Silicon Valleys.

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We can have multiple corridors in the country for this. I do see Panvel, Pune and Nasik as one such corridor where enabling infrastructure can be built, and education and research institutions with deep technology focus can be housed. Of course, we will need to nurture the culture, the environment and the thought leadership of science and technology.

As a student of Stanford University highlighted, and many investors reiterated, it is a proud moment for the world to see a lady in saree lead the finances of the largest democracy in the world. To me, this India is no longer the India of yesterday. It is the India of tomorrow where our Finance Minister spends more time talking about technology and its use of it, research and innovation, and not about controls or limitations.

<https://economictimes.indiatimes.com/markets/stocks/news/positivity-in-silicon-valley-about-india-its-investment-potential/articleshow/91210557.cms>

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