

# Investors are willing to invest; regulatory framework is a challenge, say experts

*While discussing the difficult situation that the banking/financial sector is faced with due to the pandemic, Sandeep Naik of General Atlantic said that there is a lot of opportunities for the investor here in India. "General Atlantic is keenly watching the lending space and hopes all the stakeholders including, the government, regulators, investors and the entrepreneurs, come together and figure out a solution," he added.*

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Due to the COVID-19 pandemic, some of the highest quality of companies feel the need to have capital to tide over this artificially low that we are faced with and eventually come out stronger, believes Sandeep Naik, managing director and head of General Atlantic.

While talking at the ET Global Townhall on Friday, the General Atlantic India and APAC boss said, "Today you have the industry sitting with \$2.3 trillion of dry capital that is waiting to get invested. As you look at the humongous amount of capital that is waiting to get invested, at the same time, you are seeing a result of the pandemic, some very high quality companies that we call within the General Atlantic system the 'pearl list of companies'. These are the pearls, the companies you would have always wanted to invest but because of valuations or the fact that they never needed capital or that they could raise capital from the public markets."

With the changing dynamics of business, investors have started looking things differently, through the lens of technology.

Naik added, "Will look at everything with the lens of technology because India is an emerging market... India needs to create a company that satisfies the needs of the millions, and 'Bharat' consumers not only the India consumer; and as we look at the 'Bharat' consumer we cannot grow linearly by building it in brick and mortar fashion. So the only way we can access them is by serving them an aspirational customer sitting in a tier 2 town or tier 3 town and getting the same product and service, here digital has to be the network. For instance, for technology, the technology has become the horizontal that cuts across all the sectors."

Some of the key focus areas of General Atlantic are: SAAS and cloud businesses, collaboration platforms, digital home fitness, gaming, streaming, homemade entertainment, digital banking, global payments and telemedicine.

While discussing the difficult situation that the banking/financial sector is faced with due to the pandemic, Sandeep Naik believes that there is still a lot of opportunities for some of the institutions in terms of receiving funds.

“Even in financial services, there are some phenomenal high-quality banks that are today raising capital. So, there is an option to go back to some of the top-quality banks who have easily raised capital from the public markets and today there is a way for us to participate in that. A lot of non-banking finance companies have very good underwriting skills but today don't have the capital because they are not able to borrow from some of these banks,” he explained.

General Atlantic is keenly watching the lending space and hopes all the stakeholders including, the government, regulators, investors and the entrepreneurs, come together and figure out a solution.

Meanwhile, the other speaker, [Nishith Desai](#), the founder of Nishith Desai Associates, added that foreign investors are very scared to invest in India due to subjectivity both in terms of tax and non-tax.

“Even before the double tax issues could be resolved, India introduced this equalisation levy. It is neither income tax nor GST. It is some third animal. Also, all civil violations are given the shape of a criminal. Therefore the criminal penalties are imposed; there are imprisonments and people are very scared coming to India. There are difficulties both in terms of tax and non-tax,” said the international tax lawyer.

He, however, added that there is so much unlocking of the potential that India has, especially in three sectors i.e. Pharma Healthcare, TMT space, and financial services.

“While building regulatory framework, the government must look at future technologies like blockchain, IoT, Augmented Reality, or Virtual Reality, he concluded saying taxation laws must be harmonised to support businesses,” Desai concluded.