Link to Article
Link to Video

Meeting the succession needs of business owners in India

In a video interview, Shweta Shah of Edelweiss Global Wealth Management maps out what it takes to achieve a successful succession plan for family businesses in India, and how to overcome the various challenges in the process.

There are three key considerations for business owners in India in terms of their succession planning – mind-set, manner and method, says Shweta Shah, head of wealth structuring and tax at Edelweiss Global Wealth Management.

By 'mind-set', the family needs to be aligned in the design of the plan. This means the first generation must be willing to pass on the baton to the next generation.

At the same time, the next generation needs to accept the additional responsibilities. Once the family is aligned, then the structure is more likely to be successful, explains Shah.

The 'manner' of the succession plan is the next step, she adds. Yet this can only be done on a case-by-case basis. In terms of the 'method', Shah says this relates to identifying the right structures and tools available to design the individual succession plan.

ADDRESSING PLANNING CHALLENGES

One of the main challenges to ensure a smooth succession plan is to overcome the various emotions involved.

For example, this might be in the form of the attachments that the first generation has to the business.

But they still need to make the required decisions, such as passing on control, adds Shah.

When looking at the structures and solutions required today to meet promoters' goals, trusts have been widely used in India, she says, adding that family constitutions and councils also help in the process. To help business families meet their planning goals, professional advice is also becoming more widely accepted in India, says Shah. ■

SHWETA SHAH
Edelweiss Global Wealth Management