

# EXPORT RÅDDET

SWEDISH TRADE COUNCIL

# BUSINESS CLIMATE SURVEY INDIA 2010

May 31 2010



## SUMMARY OF BUSINESS CLIMATE SURVEY INDIA 2010

Swedish industry in India consider the business climate to have improved during 2009

Swedish companies in India consider India a profitable market

Swedish companies in India are planning to increase their investments in India

Well educated English speaking white collar workforce make it easy for Swedish companies to do business in India

Bureaucracy and corruption continues to be the main obstacles for Swedish companies in India

Swedish companies in India advise new comers to do your homework, hire the best people and take a long term view

# ABOUT THE BUSINESS CLIMATE SURVEY 2010

## Background and Objective

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- Third Business Climate Survey conducted by the Swedish Chamber of Commerce India together with Swedish Trade Council and The Embassy of Sweden



- Objective of the survey is:
  - To understand business confidence of Swedish companies in India
  - To highlight thoughts of doing business in India
  - To facilitate future establishments of Swedish companies in India

## Approach

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- Questionnaire was distributed in March 2010 to 124 Swedish companies operating in India
- All large Swedish companies participated in the survey along with a number of medium and small sized companies
- Response rate of almost 60%
- New for this year's survey:
  - In-depth interviews with a few survey participants

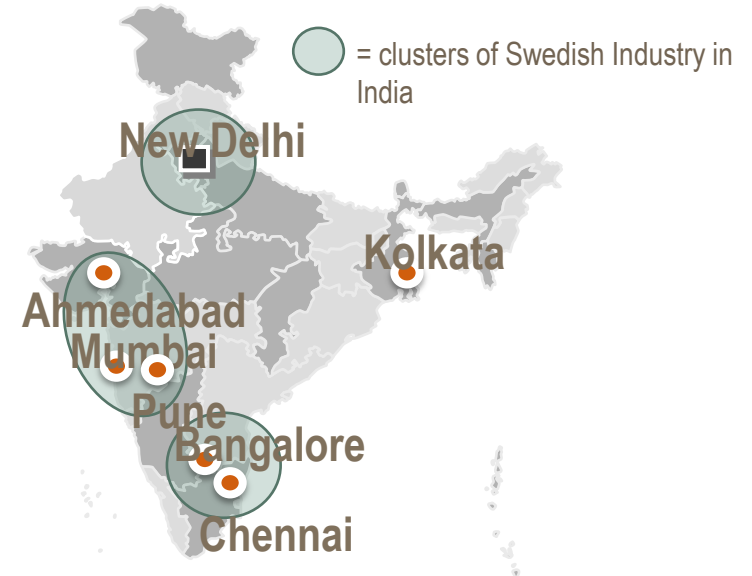
# SWEDISH INDUSTRY IN INDIA AT A GLANCE

## Swedish Industry is steadily growing in India

- Flagships of Swedish Industry entered India early 1900s and during 1950s



- 2 new Swedish subsidiaries establish in India every month
- 136 Swedish subsidiaries in India as of May 2010
- Approximately 1000 Swedish companies were doing business with India with a value over 1 million SEK/year in 2010



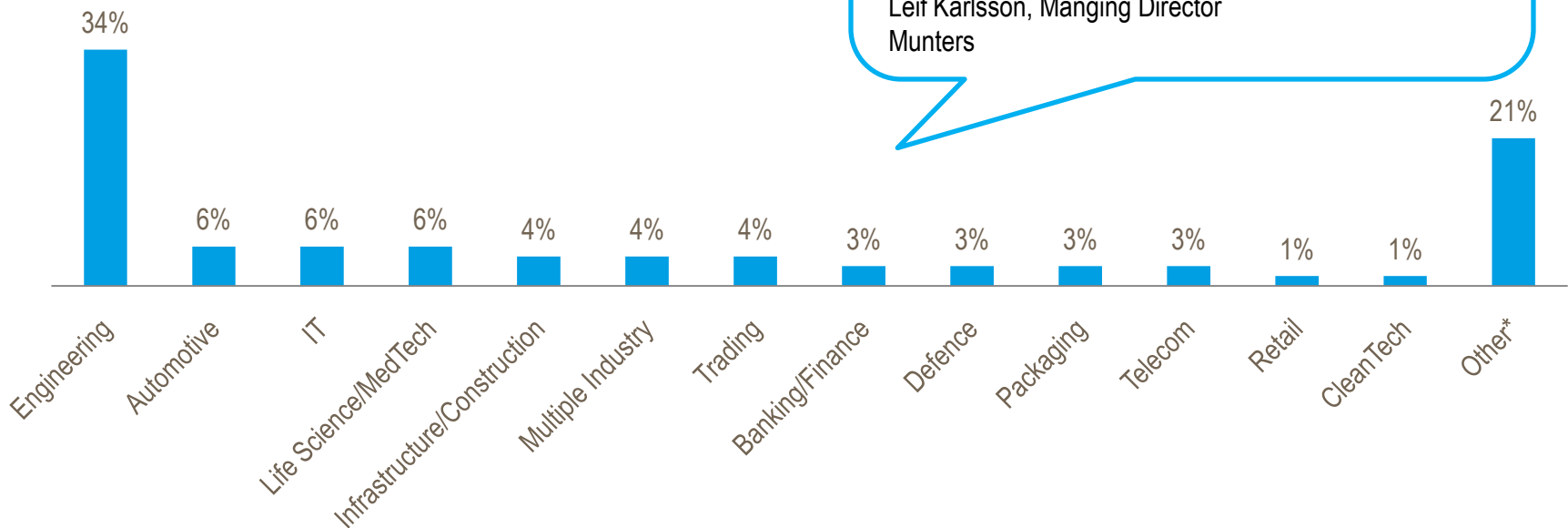
- Delhi and Mumbai are still most preferred as HQ, Pune and Bangalore follow next
- 40 % of Swedish companies still exist in only one city

# SWEDISH INDUSTRY IS STEADILY GROWING IN INDIA

- THE NUMBER OF SWEDISH COMPANIES PRESENT IN INDIA HAVE ALMOST DOUBLED IN THE LAST 5 YEARS

## Engineering sector still dominates

Percentage of Swedish companies in India sector-wise



“There is a huge demand on production in India. Money is being pumped into industry sectors which are big business for us.”

Leif Karlsson, Managing Director  
Munters

\*Other types which include retail stores, medical equipment, locking and door opening solutions, IP video surveillance, manufacturing of paints, marine navigational equipment, tourism, pulp and paper, security, specialty oil, cosmetics, chemicals, management consultancy.

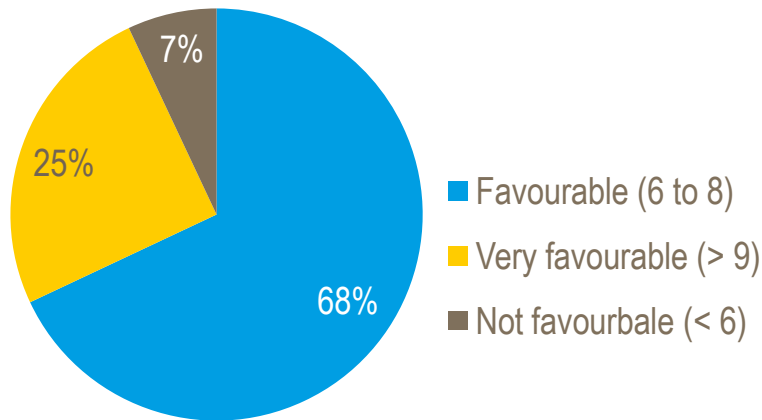
Source: Embassy of Sweden, Swedish Chamber of Commerce India, Swedish Trade Council

# BUSINESS CLIMATE STEADILY IMPROVING

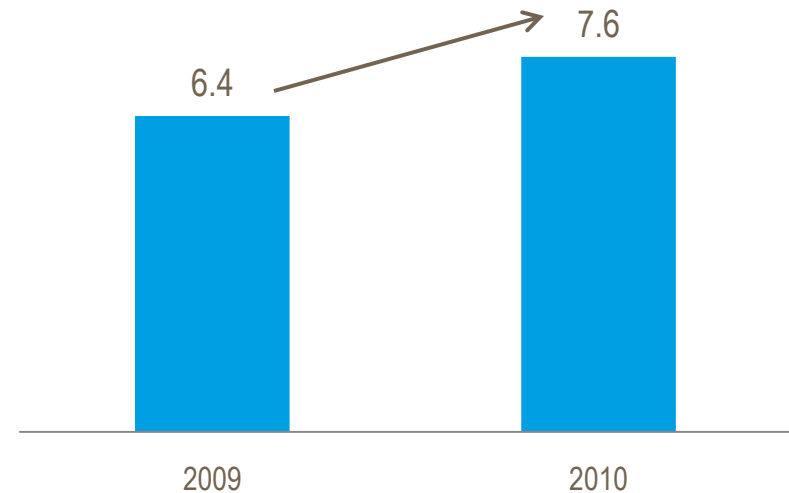
- 93% OF SWEDISH COMPANIES PERCEIVE THE BUSINESS CLIMATE TO BE FAVOURABLE OR VERY FAVOURABLE

## Business Climate 2010, scale 1-10

Percentage of Swedish companies in India



## Comparison of Business Climate 2009 to 2010



“The climate is good and it is getting even better”  
Alister D'Monte , Managing Director  
Tapflo Pumps India

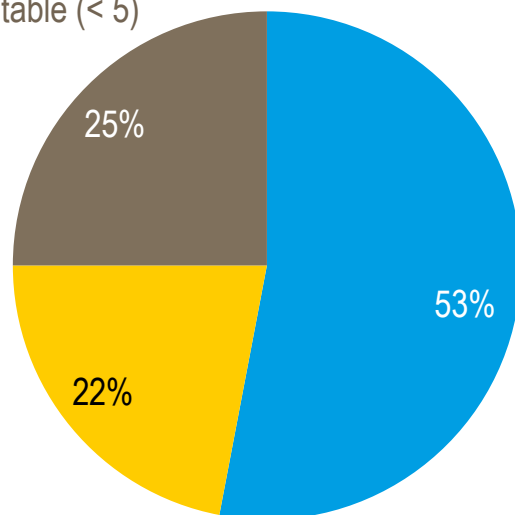
The business climate has improved from average 6.4 in 2009 to average 7.6 in 2010

# INDIA REPRESENTS PROFITABILITY AND GROWTH

## Profitability in India versus other markets, scale 1-10

Percentage of Swedish companies in India

- Similar profitability (5 to 7)
- More profitable (8 to 10)
- Less profitable (< 5)



“Once you are in India it is quite a pleasure because you will be challenged by growth and opportunities not by recession and cost cutting needs.”

Srini, MD V Srinivasan, Managing Director  
Hoganäs India

“It is not a question if you should enter this market, it is rather a question of when in what way.”

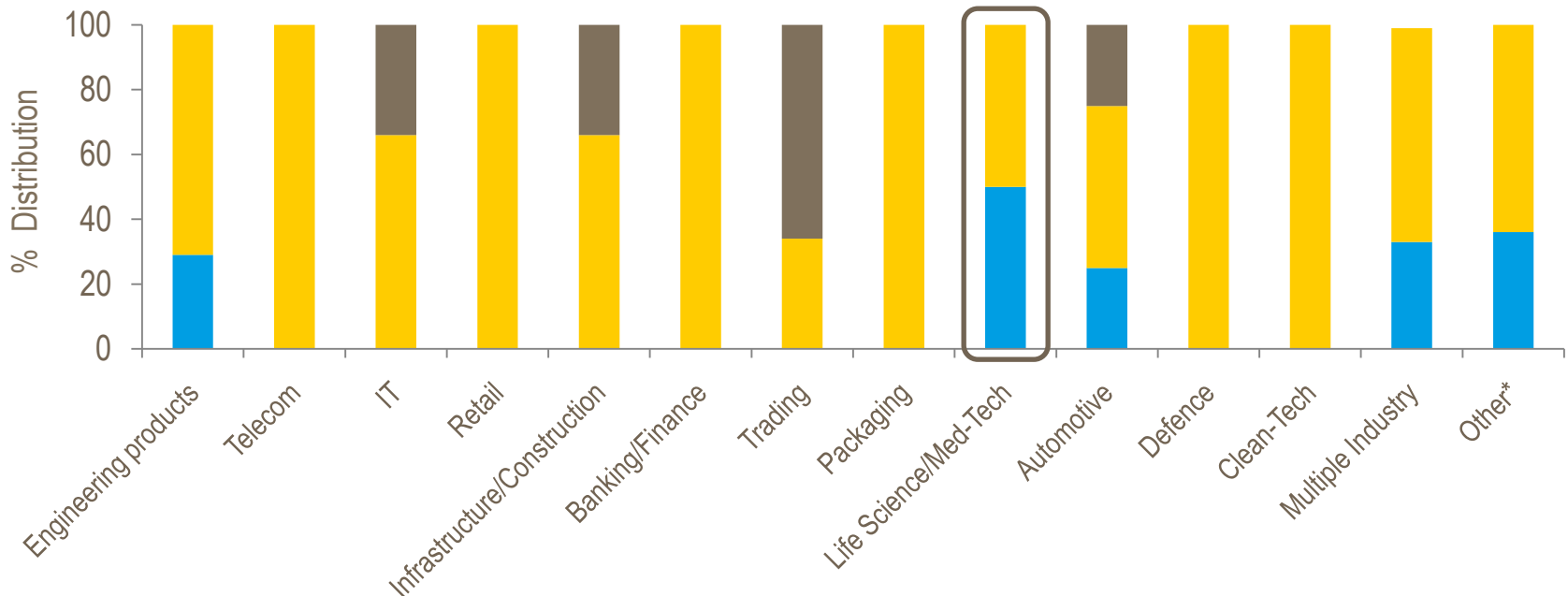
Survey respondent

3 out of 4 Swedish companies states that their business in India during 2009 was as profitable or even more profitable than the majority of their other markets

# THE LIFE SCIENCE AND MED-TECH SECTOR IS CONSIDERED TO HAVE THE MOST FAVOURABLE BUSINESS CLIMATE

## Business climate sector-wise in India

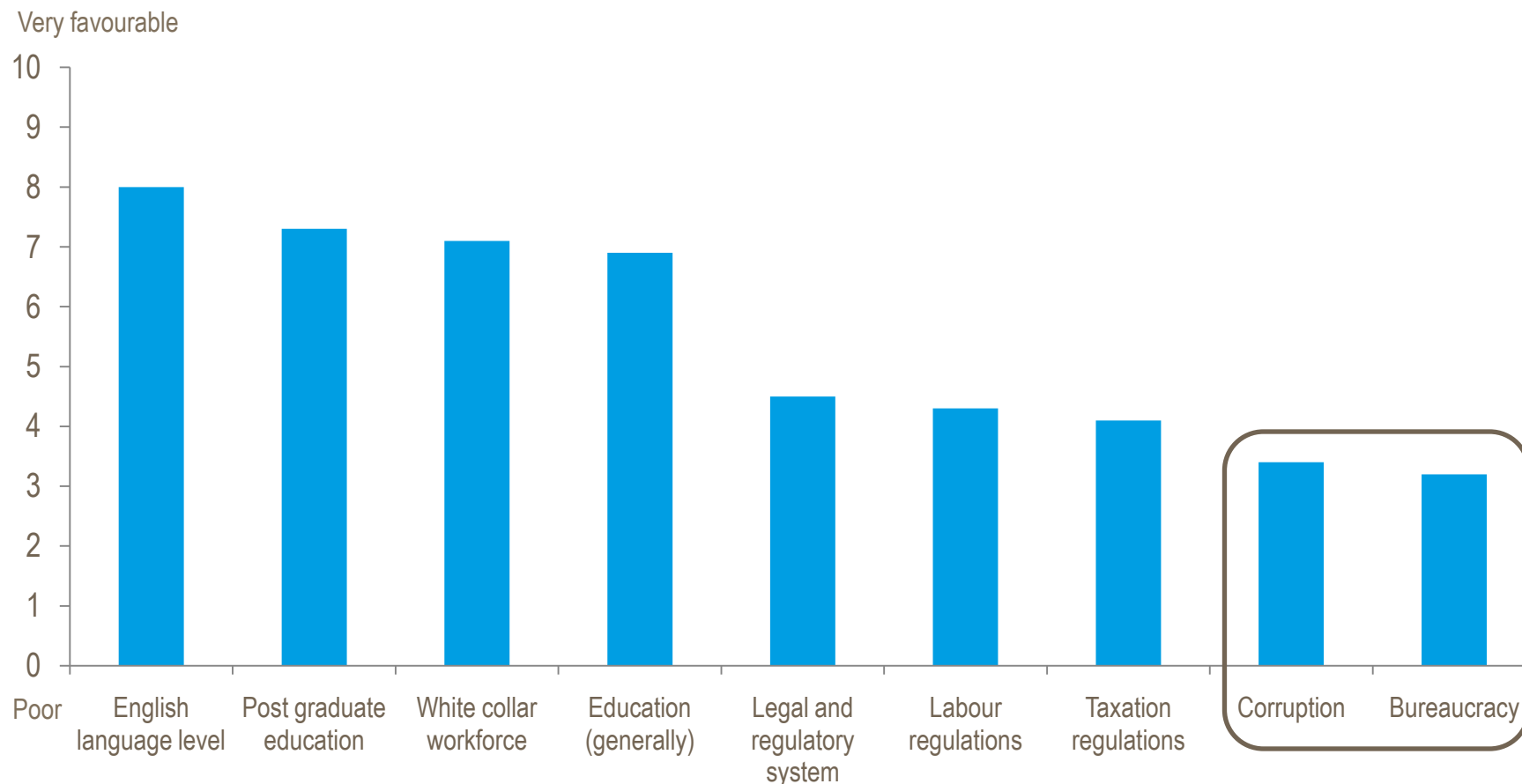
■ Not favourable ■ Favourable ■ Very favourable



\*Other types which include retails stores, medical equipment, locking and door opening solutions, IP video surveillance, manufacturing of paints, marine navigational equipment, tourism, pulp and paper, security, speciality oil, cosmetics, chemicals, management consultancy.

Source: Embassy of Sweden, Swedish Chamber of Commerce India, Swedish Trade Council

## WELL EDUCATED ENGLISH SPEAKING WHITE COLLAR WORKFORCE MAKE IT EASY FOR SWEDISH COMPANIES TO DO BUSINESS IN INDIA



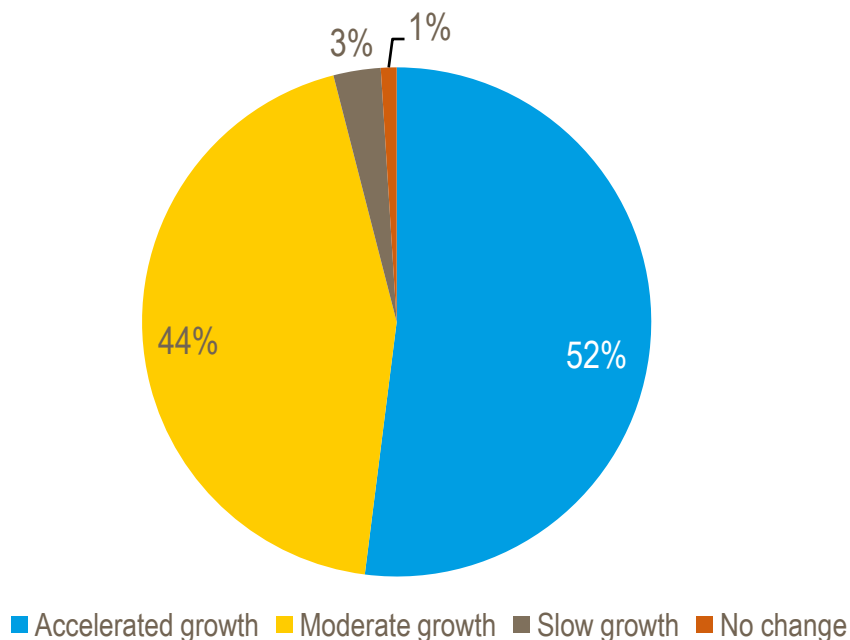
Bureaucracy and corruption continues to be the main obstacles for Swedish companies in India

# SWEDISH INDUSTRY IS EXPECTING CONTINUOUS GROWTH

## - 96% OF SWEDISH COMPANIES PROJECT MODERATE TO ACCELERATED GROWTH

### Expected growth 2010-2011

Percentage of Swedish companies in India



“We grew by 75 % in spite of recession. The overall prognosis is strong. Our performance will only improve in the future”

Rohit Kapur, Managing Director  
Flex Link Systems

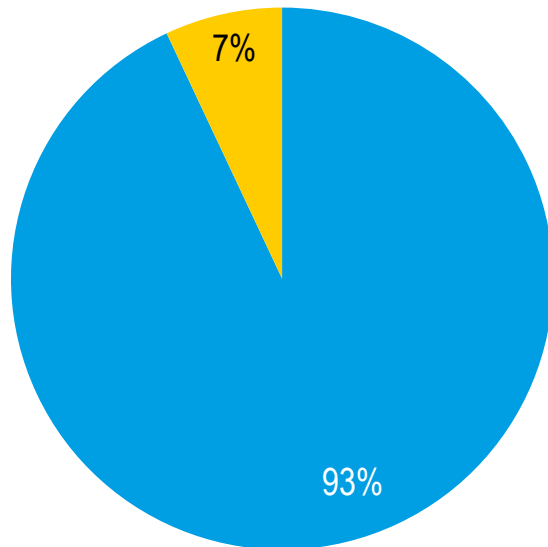
“Considering the plans of the Indian government for the coming 5 years with respect to rural infrastructure and in addition a growth figure in double digits, the business climate looks very promising for us.”

Filip Vandenberghe, Managing Director  
Atlas Copco

# 9 OUT OF 10 SWEDISH COMPANIES ARE PLANNING TO INCREASE THEIR ACTIVITIES IN INDIA

**93 % of Swedish companies project increasing activities in the next 3 years**

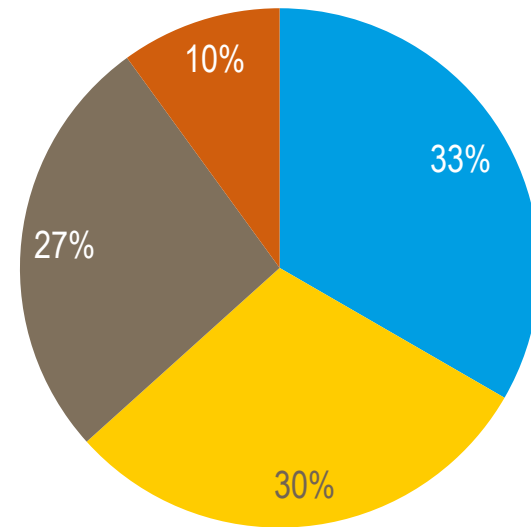
Percentage of Swedish companies in India



- Increasing activities
- No change

**30 % of Swedish companies plan to double or more than double their investments**

Percentage of Swedish companies in India



- Increasing investment < 100%
- Increasing investment > 100%
- Decreasing investment
- No change in investments

# CRITICAL SUCCESS FACTORS TO ESTABLISH AND EXPAND YOUR BUSINESS IN INDIA

## Do your homework

India is not only a country, it's a continent full of clients, competitors and colleagues. Apply a fact based approach and develop a strategy for your entry and growth in India.

## Take a long term view

India is a long term market. Plan establishment in phases and bring patience and perseverance. Expect red tape, bureaucracy and lengthy procedures.

## Have a strategy for price / cost

India can be very profitable, if you have a strategy for price and cost.

## Be objective oriented

Focus on business objectives - be active and adaptive in how to achieve them. Expect things not to go according to your plan, but do not change the objectives. Study negotiation techniques – they will come handy both in business and privately

## Be careful when partnering

The right partner can make it – the wrong partner may break it! Be thorough in screening of local partners and choose carefully. Be very careful before entering a Joint Venture.

## Hire the best people

Doing business in India can be tougher than most markets – send you best man/woman for the job. Hire carefully and go for competence and attitude – not low cost!