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OF COMMERCE INDIA



EMBASSY OF SWEDEN

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BUSINESS CLIMATE SURVEY 2011

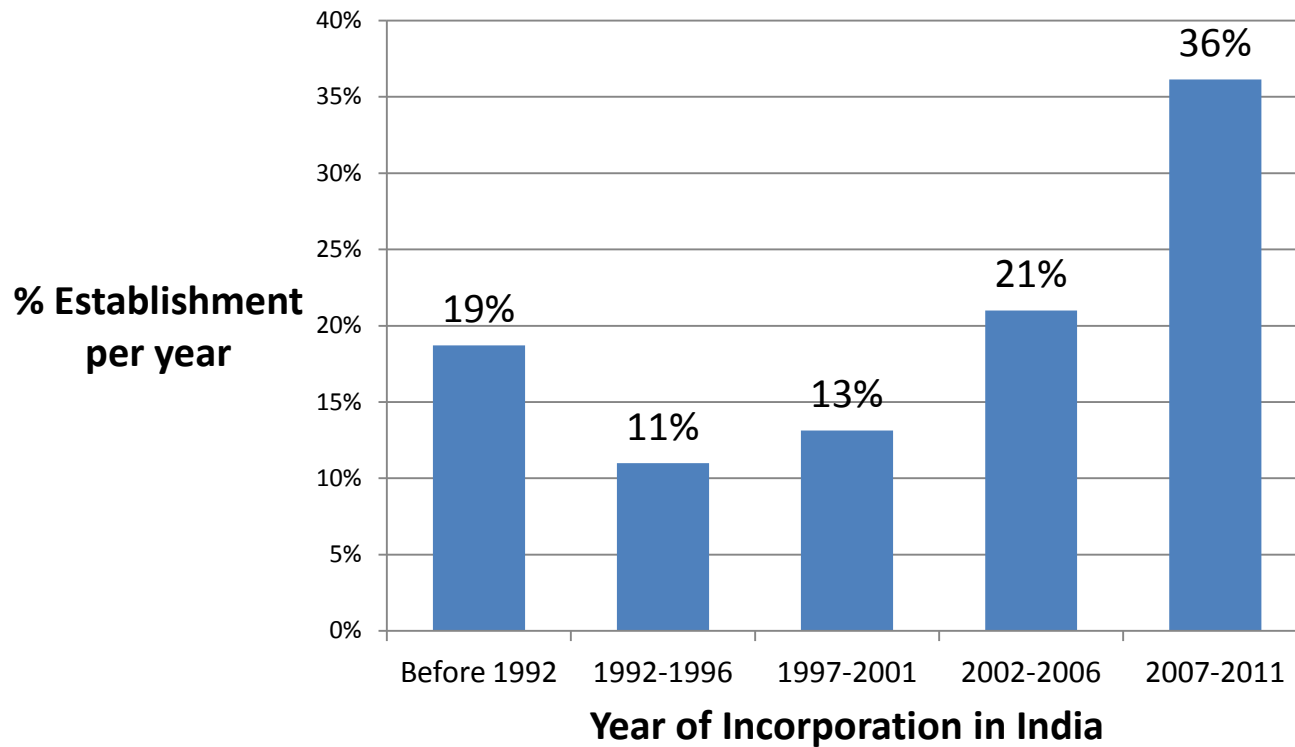
Background and Objective

- Fourth Business Climate Survey conducted by the Swedish Chamber of Commerce India together with Swedish Trade Council and Embassy of Sweden to:
 - Monitor **business confidence** among Swedish companies in India
 - **Gather joint experience and knowledge to facilitate future establishments** of Swedish companies in India
 - **Highlight motivation factors** for doing business in India

Approach

- Questionnaire distributed in March to 137 Swedish companies established in India
- All large Swedish companies participated in the survey along with a number of medium and small sized companies
- New for this year's survey
 - CSR
 - Work force challenges

Steady increase in number of companies





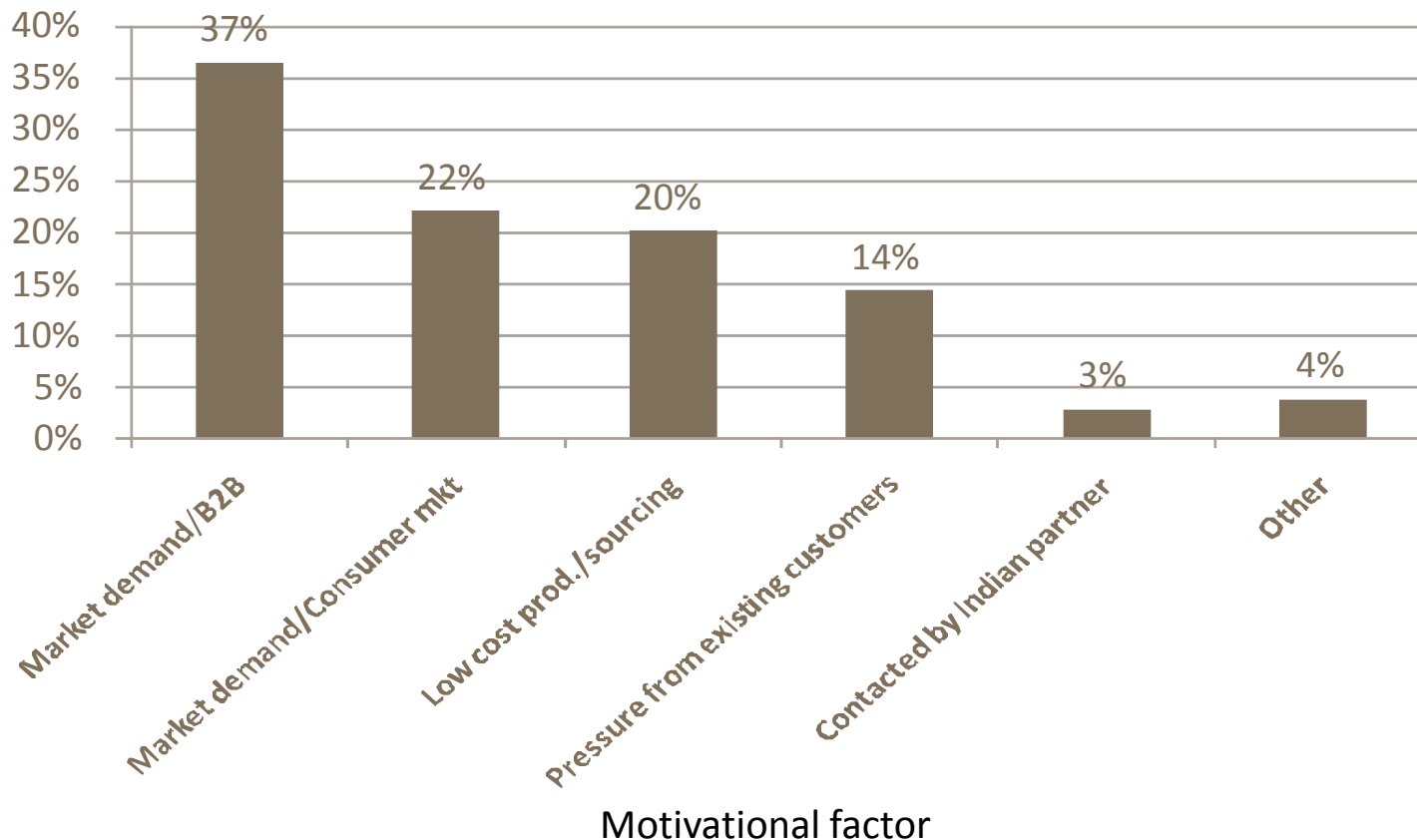
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Low cost prod & pressure from existing customers important drivers for doing business





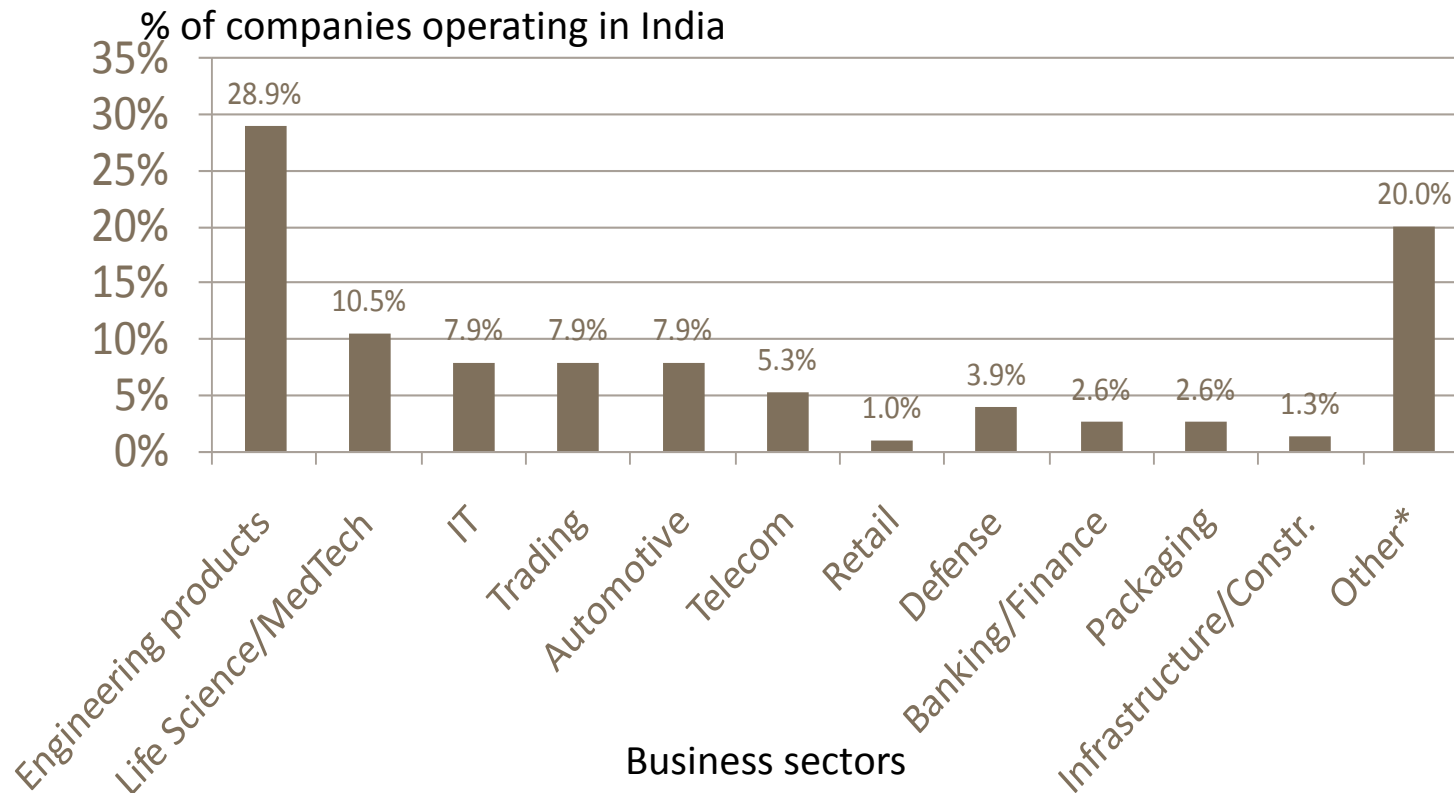
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Engineering sector dominates Swedish presence in India



* Other e.g. Sourcing, Textile, Cosmetics, Consultant, Security Services)



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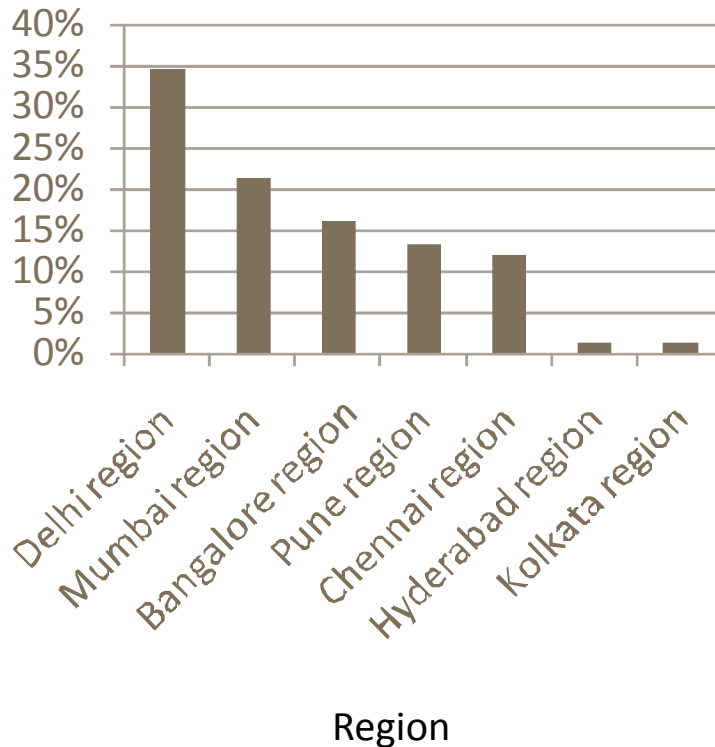


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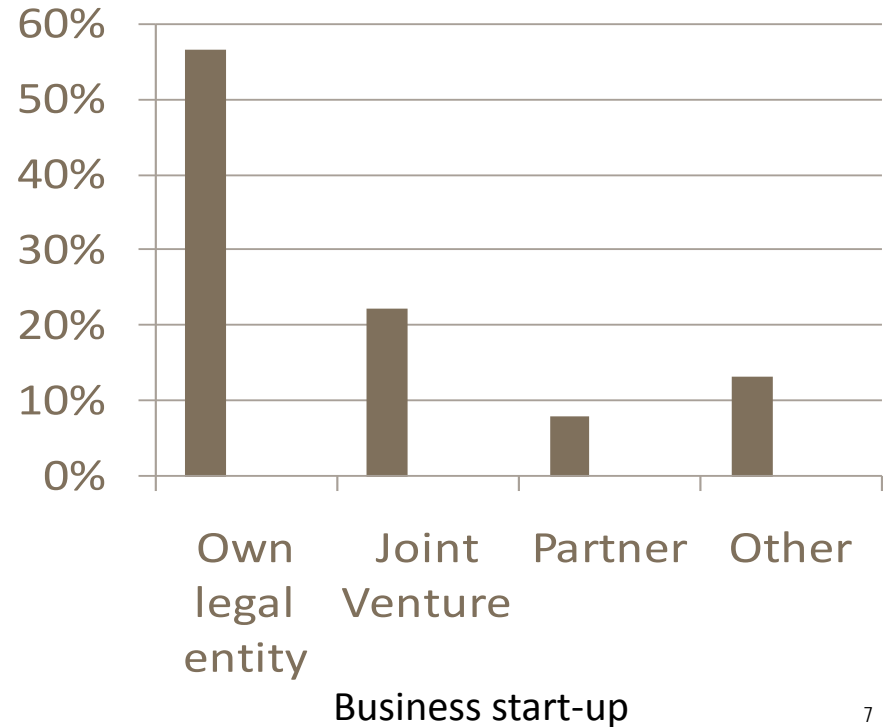
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Swedish companies prefer own legal entity and Delhi as prime location for HQ

% of companies operating in India

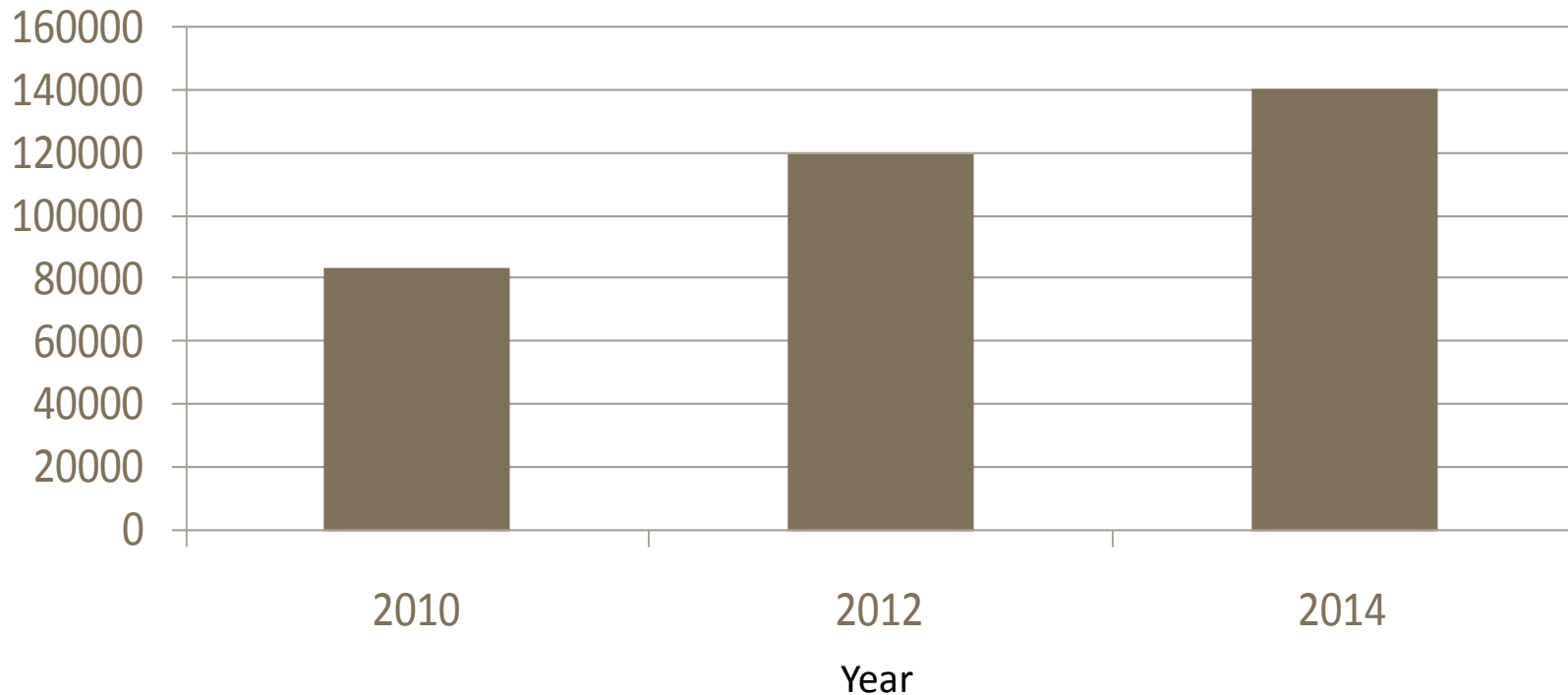


% of companies operating in India



Swedish companies show steady growth of employment opportunities in India

Number of direct employees in Swedish companies in India



Swedish companies **create almost 600000 indirect employment opportunities**



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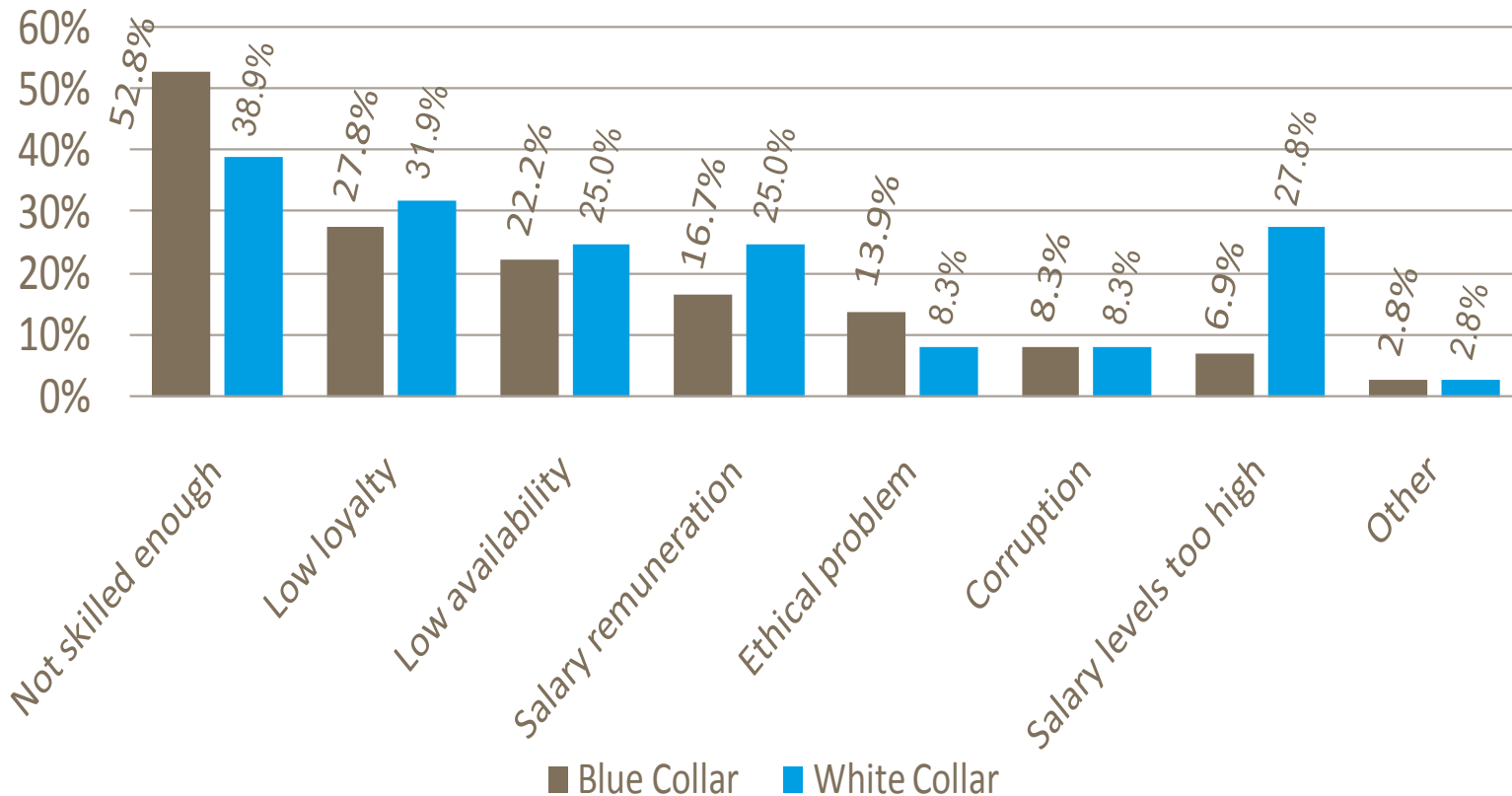


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Employment challenges: skills and loyalty

% of companies operating in India



Workforce challenges

Workforce challenges

Bluecollar

- Demand for trained workforce
- Lack of basic literacy, English language, trade skills
- Lack of skilled operators in remote areas

Whitecollar

- Short pool of people in industry
- Training required
- Limited hard core experience

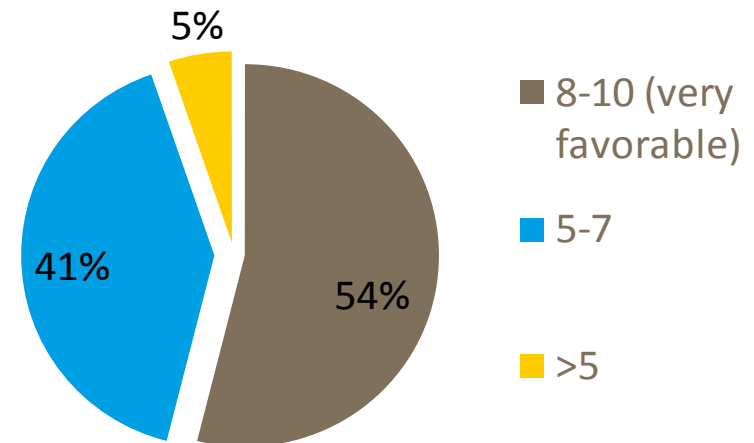
Business climate in India rated high

Average rating 2011 compared to 2009

Average
6.4
In 2009

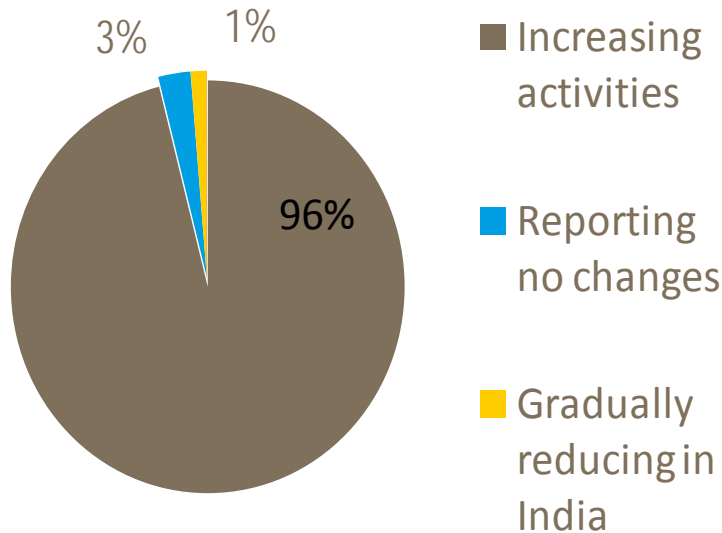
Average
7.4
In 2011

% of companies' rating on business climate in India

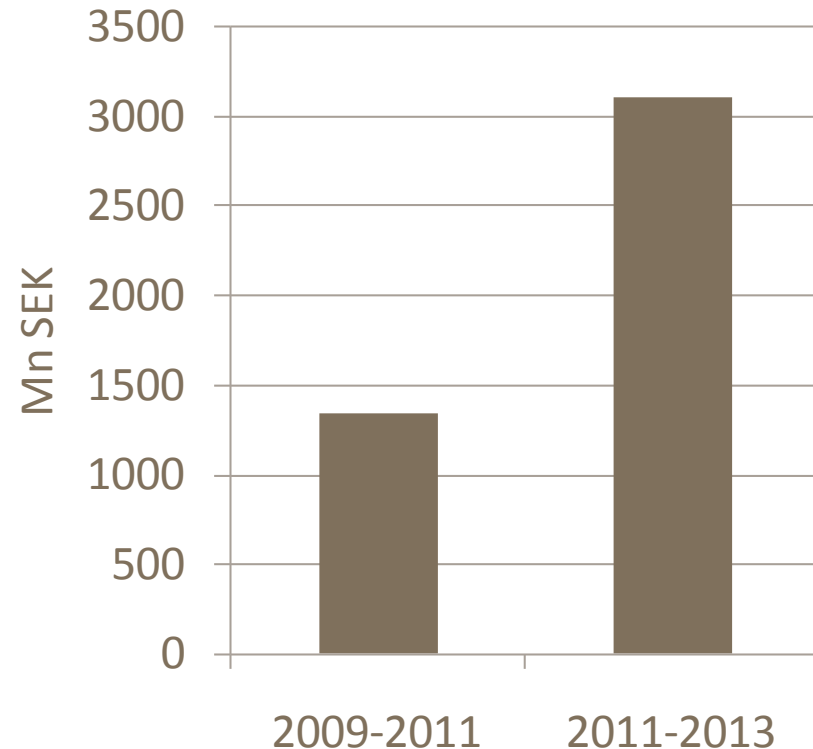


Swedish companies plan for increasing activities and investments in India

Plans in India for the coming three years



Value of capital investments made/projected in India





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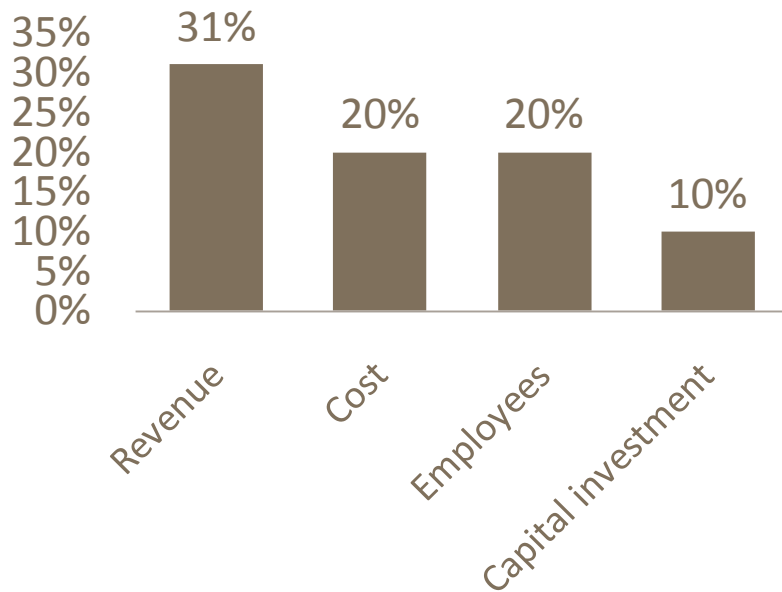


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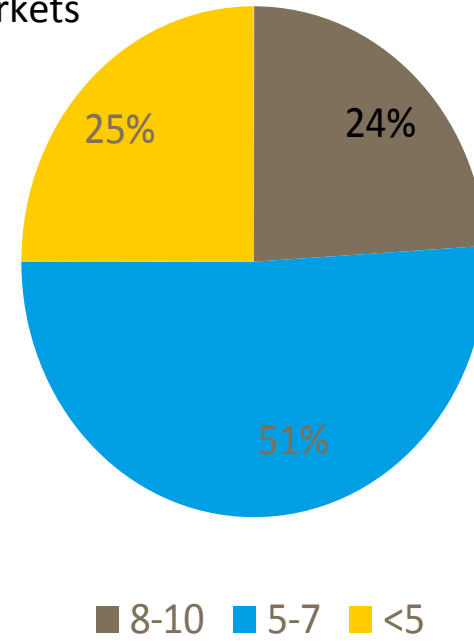
India represents growth and profitability for Swedish industry

% of companies operating in India



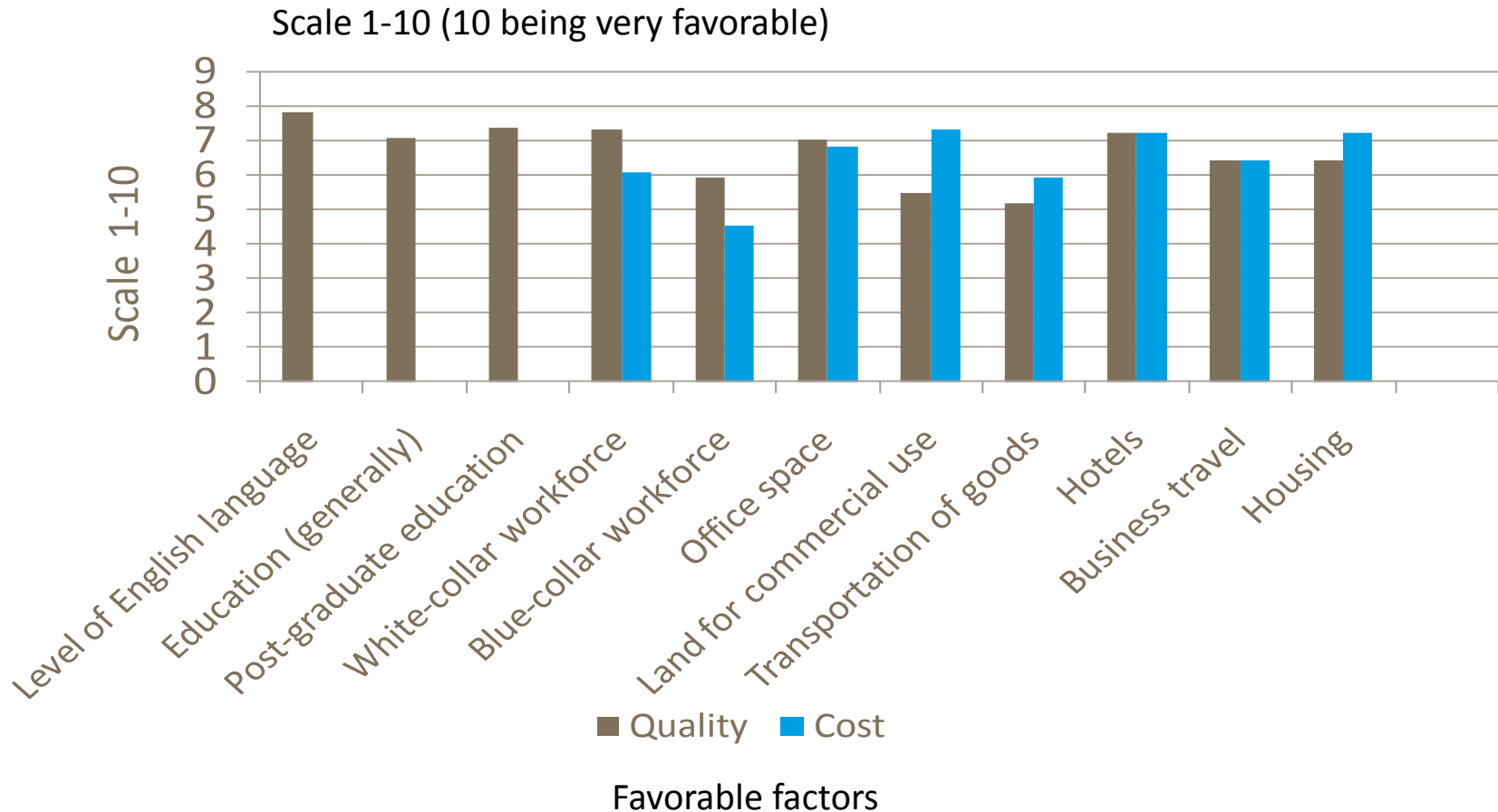
% growth in 2010/11 compared to 2009/10

Companies' % profitability compared to other markets



Scale 1-10 (10 being more profitable)

Quality factors versus costs





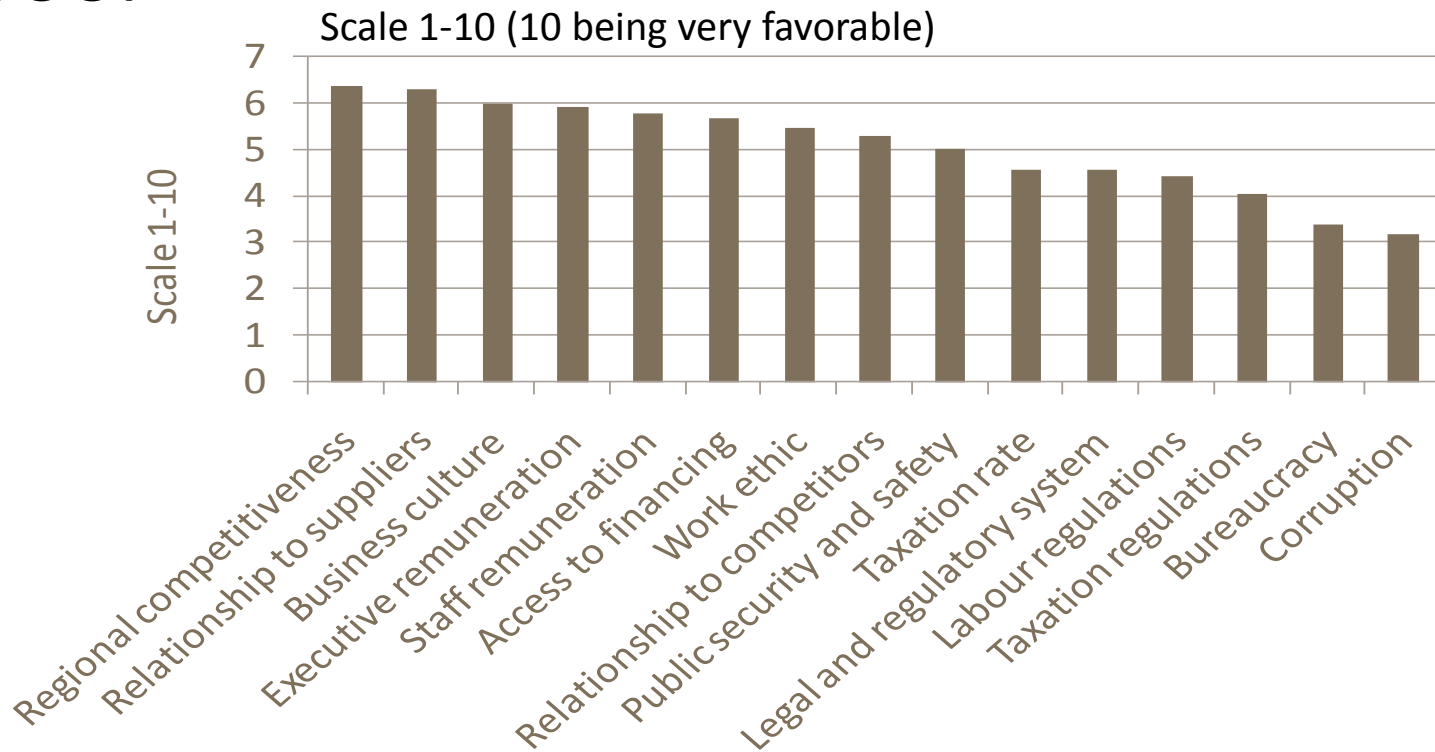
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Corruption and bureaucracy rated very poor



Not favorable factors

Challenges defined

Corruption

- Corruption will slow the progress of reforms
- Deeplyrooted, especially in the government sector
- Customers frequently try getting something on the side

Bureaucracy

- Slowin decisionmaking
- Many layers to get things done or approved
- Continuous requirement to renew and update licenses, permits, etc

Challenges defined

Labor regulations

- Lack of transparent regulations
- Old and difficult to understand, in need immediate review

Legal and Regulatory

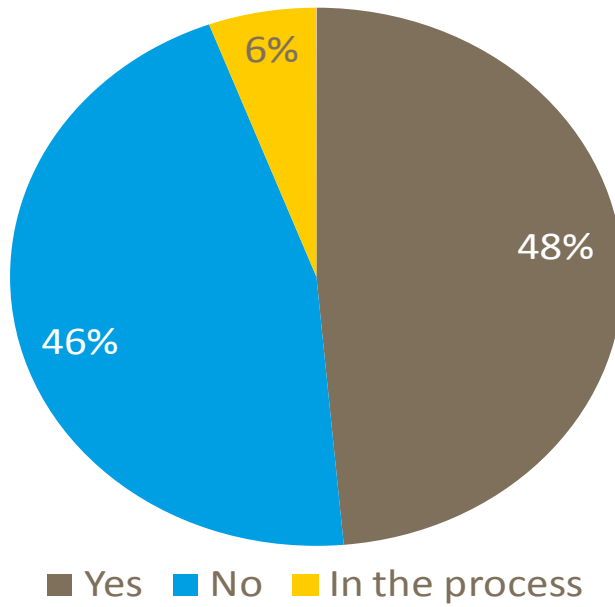
- Takes too long to resolve disputes
- Ambiguities lead to disputes/misinterpretations

Taxation

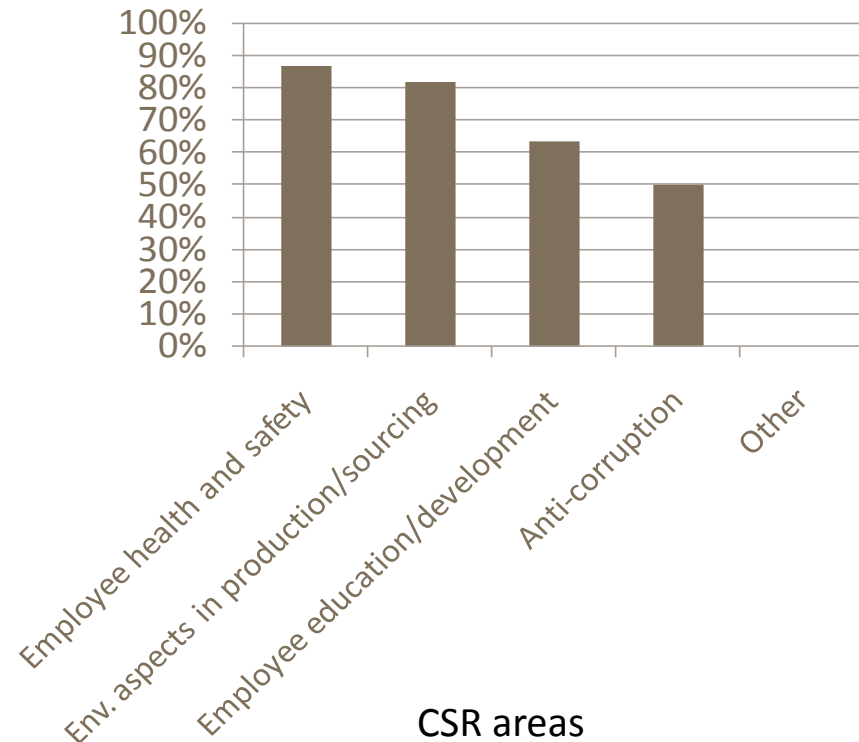
- Multi-tiered tax structure both at central and state level.
- Import duty is too high in protected sectors

CSR issues important for Swedish companies in India

% of companies actively working with CSR issues



% of companies operating in India





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Critical Success Factors for Establishments 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 prolonged procedures.

Have a
strategy for
price / cost

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

Critical Success Factors for Establishments in India

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 private

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 your **best** man/woman for the job. Hire carefully and go for **competence and attitude** – not low cost!



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Summary Business Climate Survey India 2011

Business climate
has improved
during 2010

India is a
profitable market

Plans to increase
investments in
India

Low cost prod &
pressure from existing
customers important
drivers for doing
business in India

CSR issues
priority

Steady growth of
Employment
opportunities

Well educated English
speaking white collar
workforce facilitate for
Swedish companies to
do business in India

Bureaucracy and
corruption main
obstacles

Important for new
comers to do your
homework, hire the
best people and take a
long term view