



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN INDIA 2024

A REPORT FROM TEAM SWEDEN IN INDIA

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in India and South Asia
Swedish Chamber of Commerce in India

FOREWORD

India has taken center-stage and stepped into the spotlight.

The country is currently riding the wave of the four big trends – demographic dividend, de-globalisation, digitalisation and de-carbonisation. A rapidly expanding middle class, intensified government spending on infrastructure, and geopolitical factors, spur the growth.

As a result, India is estimated to be the world's third largest economy by 2027.

With a maturing governance process, and industry enhanced incentives, India is now well on its way to emerge as a preferred manufacturing and supply chain hub in Asia. The country is also progressively working on its sustainable development agenda and has ambitiously committed to reaching net-zero by 2070.

India has always been a key destination for Swedish companies. More than 275 Swedish companies are now operating here across sectors such as Automotive & Heavy vehicles, Telecom, Engineering and Industrial Goods, Healthcare, Aerospace and Defense, IT and Digital and Retail. India provides the perfect breeding ground for international expansion, sourcing, and R&D opportunities.

With more than 220,000 people employed directly and 2,200,000 indirectly, the Swedish companies are integrating themselves in this vibrant, diverse, and innovative country, building long-term, sustainable, and meaningful business.

The business climate was perceived as good or very good by 72 per cent of the 195 companies that participated in the survey. We note that the survey was done shortly before the national elections begun this year.

As a joint effort with the Swedish business community in India, Team Sweden is pleased to present you the Business Climate Survey 2024. With this comprehensive report, our aim is to provide a useful overview of the business environment in India, especially to you who are looking India-wards!

A sincere Thank You to all who took the time to respond to the survey. Thank you for your contributions and forthcoming views!



Cecilia Oskarsson
Trade & Invest
Commissioner of
Sweden to India



Sara Larsson
CEO
Swedish Chamber of
Commerce India

195 respondents

Current business climate

71 %

of Swedish companies perceive the business climate as good or very good

Industry turnover

81%

of Swedish companies expect their turnover to increase or grow in next 12 months

Future investments

62%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Success factors in India

1. Cost efficiency
2. Brand awareness
3. Product development

Brand Sweden

92%

of Swedish companies in India consider Brand Sweden beneficial for their business

Local conditions with high satisfaction

1. Service providers
2. Suppliers
3. Digitalisation

Local conditions with least satisfaction

1. Customs
2. Licenses, permits and approvals
3. Labour market regulation

Environmental considerations

65%

of respondents believe sustainability is a considerable factor in their customers' purchasing decisions

Corruption

88%

respondents haven't encountered any form of corruption in India

Human rights violation and labour rights abuse

98%

respondents haven't encountered any form of human rights violation

ABOUT THE SURVEY

Participating companies

The Business Climate Survey is a well-established tool used by Team Sweden to gain insight into the current business environment, map opportunities, and highlight challenges being faced by Swedish companies while doing business across the world.

Spearheaded by Business Sweden and the Swedish Chamber of Commerce India, Team Sweden in India carried out this survey in February-March 2024 to track how Swedish companies operating in India perceive the business climate, economic situation, and market development opportunities in the country.

All of the 275+ Swedish companies present in India were invited to participate in this survey, and 195 companies responded, resulting in a response rate of ~71 per cent. The companies rated their experience of economic prospects, key success factors, opportunities, and challenges of doing business in India.

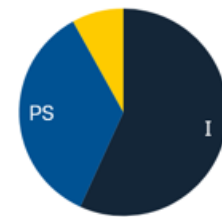
This report consists of four main sections. The first section provides insights into the economic performance of Swedish companies in India, including their outlook for the coming year. This is followed by companies' views on the Indian market and the current business environment. The third section covers operations and perceived success factors in the market, and the last section explores sustainability-related aspects, including country dynamics, customers' preferences, and the role sustainability plays in the Swedish business community's growth journey.

Of the respondent companies, 41 per cent are considered large with a global turnover exceeding US\$ 50 million and/or 1000+ global employees, while 20 per cent of the companies are medium-sized with a global turnover of between US\$ 11-50 million and/or the number of employees between 250-1000. The remaining 39 per cent are categorised as small companies.

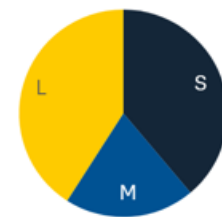
In terms of business areas, the majority of the respondents are industrial companies (57 per cent), followed by professional services companies (35 per cent) and consumer companies (eight per cent).

Recent entrants, i.e. companies established in India after 2019, constitute 19 per cent of the respondents, compared to 64 per cent of companies that were established during 2003-2018 and are equipped with an experience of being in India, while 17 per cent were established before 2002, and have a deep understanding of the landscape.

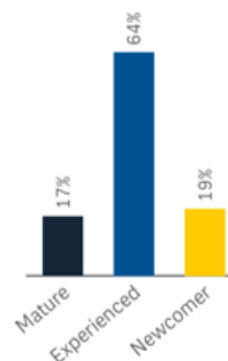
We hope that this report provides valuable insights into how Swedish companies perceive the current business environment and ease of doing business in India.



Professional Services: 35%, Consumer:8%, Industrial:57%



Small: 0-249, Medium:250-1000, Large: >1000



Mature (-2002), Experienced (2003-2018), Newcomer (2019-)

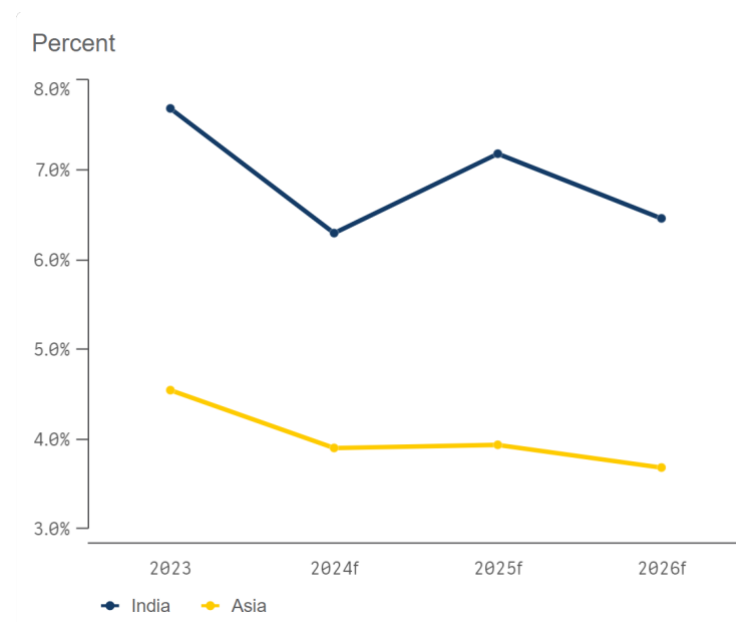
ECONOMIC OUTLOOK

On a path to become an economic powerhouse

India is now the world's fifth-largest economy and is expected to surpass Japan and Germany by 2027, thereby becoming the world's third largest economy. In 2023, it was one of the fastest growing major economies with a growth rate of ~7.7 per cent. It is ranked second highest among the G20 countries, having twice the average growth compared to other emerging economies. Looking forward, it is forecasted that India will continue its growth path to become an economic powerhouse, keeping its place as one of the brightest shining stars for growth globally.

Going forward into FY2324, India's GDP growth is expected to be 6.3 per cent, the expected slowdown majorly reflects a deceleration in investment from its elevated pace in previous years.

PROJECTED GDP GROWTH IN INDIA



SOURCE: Oxford Economics, GDP, constant prices and exchange rate US\$, Last update: 19 March 2024

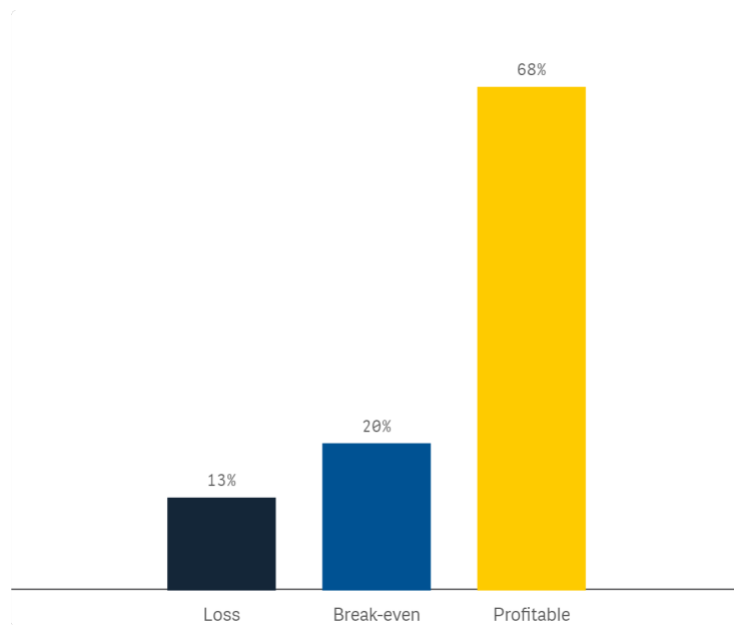
Post-Covid, the global manufacturing giants are shifting gaze to find alternate production and sourcing destinations in order to de-risk their supply chains. India has immense potential to benefit from these global positive tailwinds and has commenced work towards developing a holistic environment for original equipment manufacturer (OEM)s across sectors. Taking a proactive approach to support India's position and brand, "Make in India Scheme" and "Production Linked Incentives" are two of the flagship programs launched by the government, which act as catalysts towards making India a global manufacturing powerhouse. Though these programs were launched a couple of years ago, the government has been updating regulations to expand its coverage across sectors and sub-sectors such as in February 2024, the government carried out an amendment in the FDI policy for the Space sector which has now been liberalised for foreign direct investment in prescribed sub-sectors/activities.

Similarly, the government is also prioritising infrastructure development as a key growth lever for economic development. In FY 2024, government allocated 3.3 per cent of its GDP to the infrastructure sector, where roads and transportation sectors accounts for the largest share, followed by railways and urban public transportation development. The ministry responsible for infrastructure development has increased the budget outlay from around US\$ 44 Bn in FY23 to US\$ 60 Bn in FY24.

- The government has set a target to develop a 200,000 km national highway network by 2025
- Allocated US\$ 30Bn to Indian railways with one of the ambitions to set up three freight corridors
- To expand the number of airports in India to 220 by 2025 from 148 in 2023
- To operationalise 23 waterways by 2030 and to develop 35 Multi-Modal Logistics Parks (MMLPs)

In the past as well, the government has launched multiple initiatives towards enhancing infrastructure, including “Gati Shakti”, a digital platform to bring 16 ministries together, including Railway and Roadways, for integrated planning and coordination with a total worth of US\$ 1.5 trillion followed by National Infrastructure Pipeline (NIP), to capture key greenfield and brownfield projects for investments across all economic and social infrastructure sub-sectors on a best-effort basis.

HOW WOULD YOU DESCRIBE YOUR COMPANY’S FINANCIAL PERFORMANCE IN INDIA IN 2023?



NOTE: The number of respondents for this question was 192. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in India 2024

A large majority of the Swedish companies conducting business in India (68 per cent) responded that their business is profitable, with only 13 per cent reporting a loss and 20 per cent break-even. However, we can see that only three per cent of mature companies and 12 per cent of experienced report a loss, compared to 22 per cent of newcomers. One rationale for the newer set of companies reporting this number that can be taken into consideration is the relatively shorter time frame of their presence in the territory.

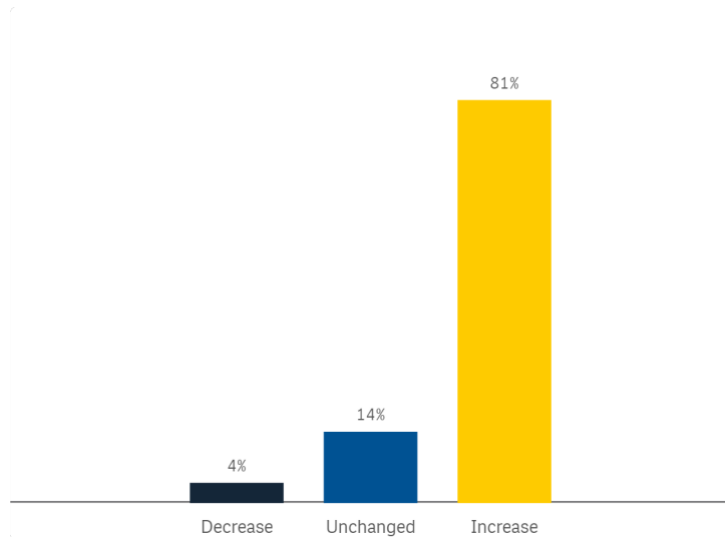
A Positive Outlook

A bullish view of the future has been presented by the respondents in terms of expectations of profitability over the next year. Of the companies, 81 per cent look with optimism at their future in India in terms of turnover, whereas 14 per cent of the companies have an unchanged view from an already positive 2023. Seventy-nine per cent reported increased expectations from the year before, marking a remarkably optimistic view among Swedish companies in India, leaving only four per cent

of the 195 companies participating believing their turnover will decrease in the upcoming twelve months.

A noteworthy observation is that amongst the newer companies, only five per cent expect a lower turnover in the upcoming year. This reiterates the view they hold towards a confident outlook on their prospects in India going forward.

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN INDIA REGARDING TURNOVER?



NOTE: Decrease and increase represent aggregations of slight/significant development changes. The number of respondents for this question was 192. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in India 2024.

Gearing up for the future

A closer look into the FDI inflow into India during FY23 states that the Foreign Direct Investment shrunk by 21 per cent to US\$ 41,3 Bn compared to the previous year. A plausible cause for this is the turbulence in the global geopolitical environment.

However, if we look at the response from Swedish companies, they have increasingly been seeing India as one of the best manufacturing locations in Asia. In 2023-2024, Swedish companies have made significant manufacturing related investments in India, where Gujarat, a state on the Western coast of India has become one of the major hotspots attracting maximum investments followed by Maharashtra, Karnataka (Bangalore) and Haryana. Looking at new FDI projects in India originating from Sweden, doubling from the previous year with 24 FDI projects compared to 12. In terms of Capital expenditures (CAPEX), there has been a substantial increase from US\$ 157 Mn in 2022 to US\$ 743 Mn in 2023. The three largest Swedish investors in 2023 in terms of CAPEX are ABB, Alleima and AstraZeneca.

Below are a few of the major investments done by Swedish players in India:

- **Saab** invests US\$ 60 Mn FDI in a new factory to manufacture shoulder-launched weapon system Carl-Gustaf
- **Alleima** invests ~US\$ 19 Mn in a new hydraulic and instrumentation tubing manufacturing facility
- **Perstorp** expands with a new factory, "the largest investment in Asia so far, in Perstorp history"
- **Bulten** enters India via a joint venture to supply Foxconn for manufacturing

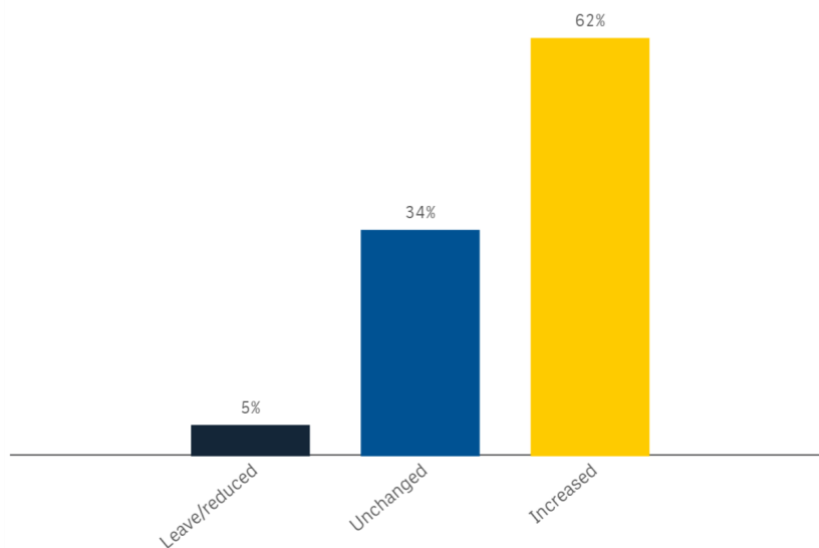
- **ABB** invests in a factory for power transmission equipment to manufacture Gas Insulated Switchgears
- **Trelleborg** invest in a new sealing production facility
- **AstraZeneca** open five centres of excellence for supporting asthma patients
- **Atlas Copco** Invest in a new compressor manufacturing plant.

If we look at the survey outcome, more than half of the companies (62 per cent) are planning to boost their investments, marking an increase from the previous year's results where 60 per cent expressed intentions to increase their investments, 34 per cent are maintaining their investment levels unchanged. Among large companies, 19 per cent plan to significantly increase their investments in the upcoming 12 months, and 43 per cent intend to make slight increases.

The investment plans appear to be evenly distributed across company sizes with one notable exception being medium sized companies. Only eight per cent of medium-sized companies anticipate a significant increase, while 46 per cent foresee slight increases. This contrast with the investment outlook of small and large sized companies suggests that medium sized enterprises are adopting a more cautious approach towards forthcoming investments.

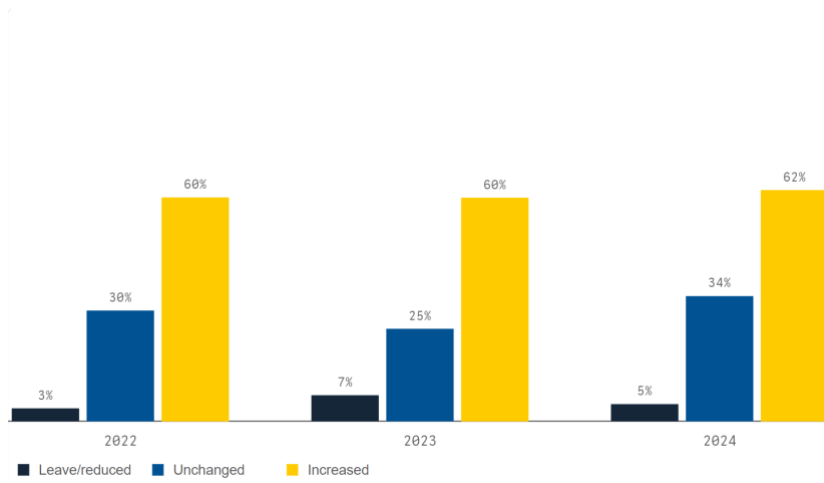
Of the companies considering exiting the market, small companies express no intention to leave, followed by three per cent of medium-sized and only one per cent of large companies. Another noteworthy observation is that 77 per cent of consumer companies plan to augment their investments. Despite being less profitable than other industry sectors, this underscores a resilient commitment to the market's future and the allure of India's consumer-driven economy, which continues to attract foreign investments.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN INDIA, COMPARED TO THE PAST 12 MONTHS?



NOTE: Reduced and increased represent aggregations of slight/significant development changes. The number of respondents for this question was 194. "don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in India 2024.

Swedish firms maintain optimism about continuing their investments in India. In 2024, only five per cent of these companies are contemplating exiting the market or scaling back investments compared to seven per cent in 2023. Furthermore, despite encountering challenges and reporting current losses, many companies remain optimistic about the future and continue to invest in the Indian market for prospective growth.



NOTE: Reduced and increased represent aggregations of slight/significant development changes. The number of respondents for this question was 194. "don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in India 2024.

THE MARKET

Optimism about the future ahead

India's middle class currently represents 31 per cent of its population, surpassing the total population of the EU. Moreover, it is projected that the rapidly growing middle class will constitute 60 per cent of India's total population by 2047, indicating immense opportunities in India. However, this rapid growth also presents challenges, underscoring the need for innovative solutions within a broad range of sectors as highlighted below:

India's economy has traditionally been agrarian and, even today, the country remains a significant producer of food. However, with a burgeoning consumer-driven population and increasing concerns regarding sustainability, the imperative to enhance productivity, efficiency and sustainability within agriculture has gained prominence in recent years, emerging as a top priority for the nation. In response to these challenges, the government has introduced initiatives such as the KISAN credit card, aimed to provide adequate and timely credit support to farmers.

India experiencing a promising manufacturing sector, driven by initiatives like '*Make in India*', which have opened opportunities across various new industries for manufacturing. This trend has created vast prospects for both domestic and foreign companies to establish production facilities in the country. With its young and skilled labour force, opportunities have emerged across several industries. Moreover, the growing demand for digitalisation has created significant opportunities, particularly within the IT sector. Initiatives such as '*Digital India*' alongside projects like the construction of smart cities and the adoption of innovations such as AI and blockchain have fostered a rapidly expanding ecosystem for IT startups.

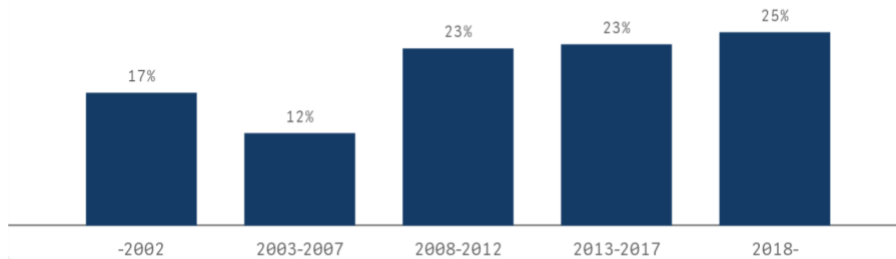
However, to nurture these emerging industries, the critical need of sustainable energy has elevated the importance of renewable non-fossil energy sources such as solar, wind and hydrogen. In line with this, India has set an ambitious goal to achieve a 500 GW non-fossil fuel capacity by 2030, reflecting its commitment to sustainable development and energy transition.

With a population exceeding 1.4 bn people, healthcare in India is undergoing significant development. To provide the free healthcare services to the vulnerable class of the society, the government has implemented initiatives such as *Pradhan Mantri Jan Arogya Yojana*, covering 500 million citizens under government funded insurance. As a result, an anticipated rise in patients necessitates a more efficient and modern healthcare system to meet these needs.

Business relations between India and Sweden were established at the beginning of the 20th century (1900-1925) when Ericsson, SKF, and Swedish Match entered the country. The second wave of companies during 1960-70 transformed Pune into an industrial hub; Alfa Laval, Tetra Pak, Sandvik, and Atlas Copco were among the major companies that arrived in this phase. The third and fourth wave of companies in 1980-90 and early 2000s, respectively, brought in Volvo Trucks & Buses, Perstorp, IKEA, Volvo Cars, and Scania.

In recent years (2018-present), the number of company establishments in the Indian market has reached its peak compared to any set of years over the past two decades. This trend, coupled with companies' willingness to invest in the market, underscores the positive business climate for Swedish companies in India.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN INDIA?

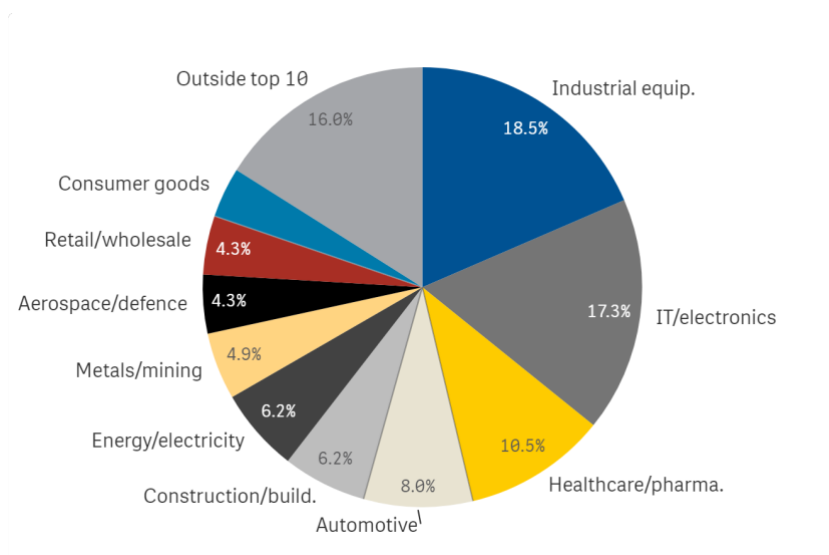


NOTE: The number of respondents for this question was 193. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2024.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN INDIA?

The industry composition of Swedish companies in India is diverse, encompassing a wide range of sectors with a heterogeneous mix among them. The largest share comprises Industrial equipment (18,5 per cent) followed by IT& Electronics (17,3 per cent) and healthcare/Pharma (13,1 per cent)



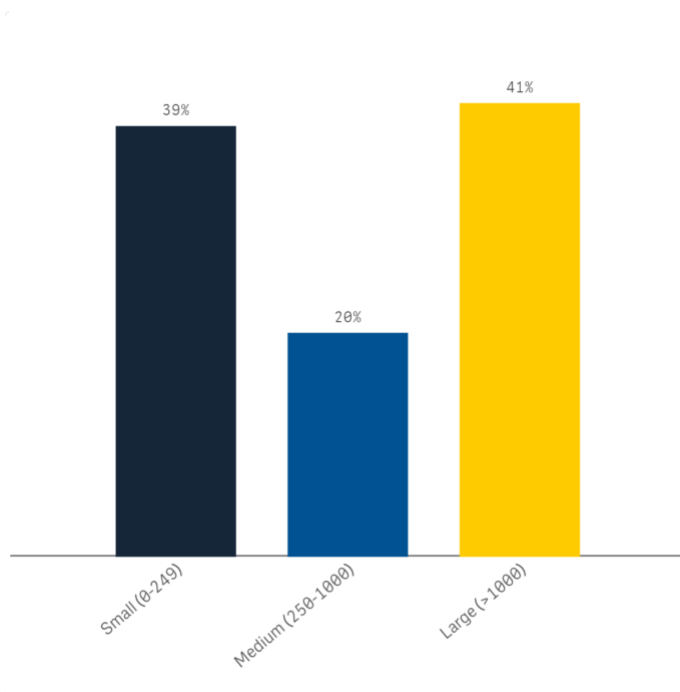
NOTE: The number of respondents for this question was 162. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2024.

SWEDISH FIRMS' NUMBER OF EMPLOYEES GLOBALLY IN 2024

Further analysis reveals that mid-sized companies are under-represented in the Indian market, accounting for only 20 per cent compared to small (39 per cent) and large companies (41 per cent). The significant presence of small-sized companies across categories can be attributed to India's robust startup eco-system, coupled with improvements in the ease of doing business. Additionally, the agility and rapid scalability of small digital/tech companies, often referred to as "born-global," contribute to their flourishing presence.

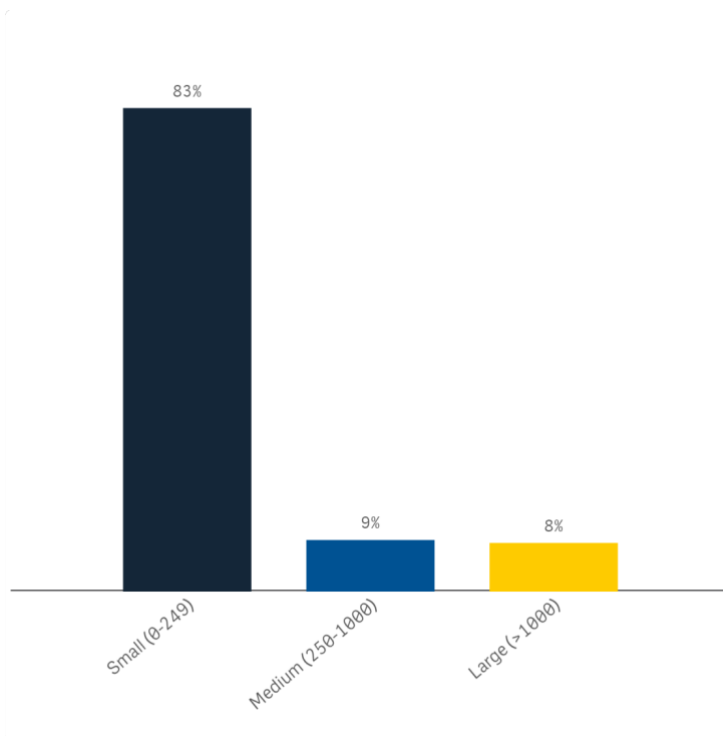
Indeed, many small companies or startups/scaleups are focused on emerging technologies such as AI/ML, IoT, FinTech, and MedTech. India's remarkable journey of digitisation initiated by government programs like "Digital India", has played a pivotal role in this transformation. With 820 million active internet users and a 71 per cent smart phone penetration rate, India boasts a vast and connected population. This attractiveness of the market has enticed international tech companies to enter India and capitalise the abundant opportunities it offers.



NOTE: The number of respondents for this question was 193. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2024.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN INDIA IN 2024

A large majority (83 per cent) of the companies surveyed in the study has between 0 and 249 employees in India.



NOTE: The number of respondents for this question was 192. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2024.

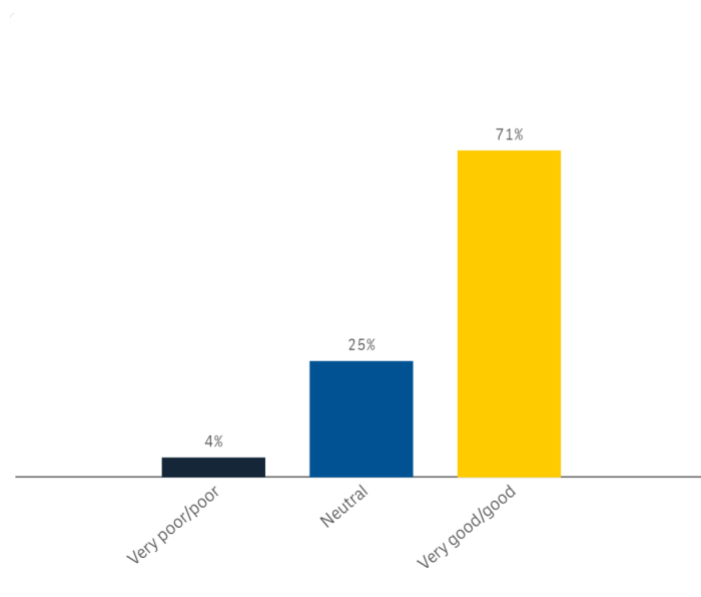
Doing business in India remains highly attractive

Since 2014, the government of India has been working aggressively to improve the ease of doing business in the country. The country has since made significant strides in its regulations and overall parameters to move from being placed at 142 out of 190 economies up to 63 in 2023 – an impressive leap in only 10 years' time. The government has taken multiple initiatives in each and every area, starting from the incorporation of companies to permit applications, trading across borders, enforcement of contracts, subsidies and rebates on manufacturing set-ups and others.

Ease of doing business in India is also reflected in the response of the company: a majority (71 per cent) of the companies in India consider the current business climate in the country to be good or very good and only four per cent rank it as poor or very poor. These numbers are strong, more so in a turbulent and complex geopolitical climate replete with high interest rates, conflicts, and trade wars globally. Alluding to the point made in the report, continuous government initiatives such as tax and policy reforms have resulted in a better ease of doing business in India.

Taking into account the various sectors, industrial companies stand out with their good/very good response towards current business climate in India, which is at 76 per cent, whereas 21 per cent took a neutral stand and only two per cent rated it as very poor/poor.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN INDIA?



NOTE: The number of respondents for this question was 187. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2024.

Navigating barriers

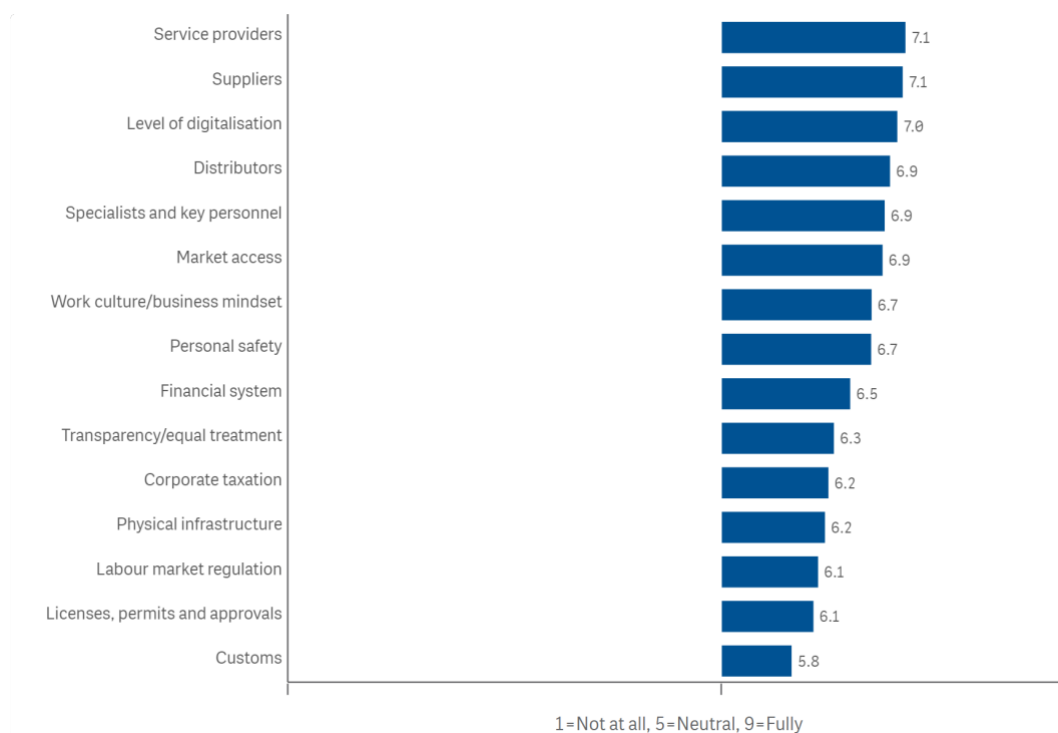
In the survey, we asked companies to rank how well market conditions meet the needs when conducting business in India. Among the most positively rated aspects were service providers, suppliers, and the level of digitalisation, scoring 7 out of 9. India's substantial investments in digital infrastructure in recent years are evident, notably seen in the rapid growth of mobile broadband users, which now surpasses 839 million, up from 345 million in 2018. Government initiatives like 'Digital India' have resulted in new e-services, such as the Unified Payments Interface (UPI) facilitating micro-transactions for its expanding userbase of over 260 million. These initiatives not only address challenges like financial inclusion but also lay the foundation for a modern and more

efficient economy suited for the 21st century, where advanced technologies like blockchain, AI and cloud computing will play pivotal roles in enhancing competitiveness.

Conversely, at the lower end of the scale, where the conditions are perceived to least meet companies' needs, customs rank just above 'neutral' followed by licenses, permits and approvals, as well as labour market regulations.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN INDIA?

Summarising the top and bottom conditions below. Even the lowest ranked conditions are above the level considered as "neutral" i.e., no company are especially negative to any given condition.



NOTE: The number of respondents for this question was 195. "Don't know/Not applicable" responses are included but not show in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2024.

Trade barriers affecting companies

When surveyed about the most significant barriers affecting their operations, companies highlighted customs procedures, local requirements, and regulations as the most common trade barriers encountered in the Indian market in the past year. In terms of access to finance, a mere six per cent of respondents identified it is a barrier for doing business in India.

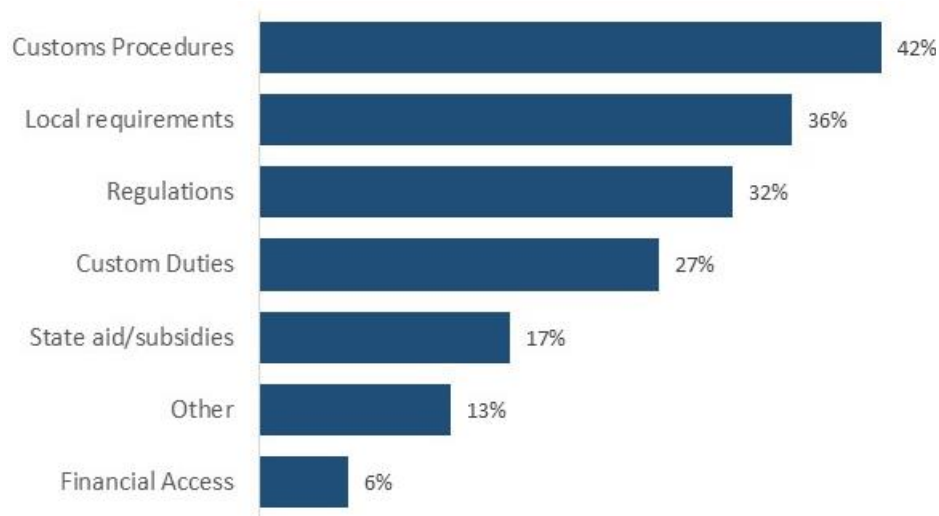
Medium-sized companies appear to encounter the most obstacles within customs procedures, with 58 per cent reporting trade barriers in the past year compared to 40 per cent of small and 37 per cent of large companies reporting obstacles in customs procedures. This shows that medium-sized companies face greater barriers within this specific domain. However, concerning custom duties, 37 per cent of large companies report that they face challenges, compared to 21 per cent of small and 19 per cent of medium-sized companies.

Among newcomer companies, 54 per cent encounter challenges within customs procedures, whereas 40 per cent of experienced and 32 per cent of mature face similar issues. This indicates

that the duration of time in the market influences how companies perceive and adapt to barriers, with new companies typically experiencing a learning curve in their initial years.

In terms of industry segments, consumer companies notably rank custom duties, custom procedures, and regulations as challenging. Sixty-seven per cent of the companies report encountering trade barriers within regulations, with only 11 per cent citing issues specifically with local regulations. This suggests that national regulations pose a greater challenge for these companies than regional variations. In comparison, among professional services and industry sector, 35 per cent and 32 per cent respectively face problems with regulations.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN INDIA WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 195.
SOURCE: Business Climate Survey for Swedish Companies in India 2024.

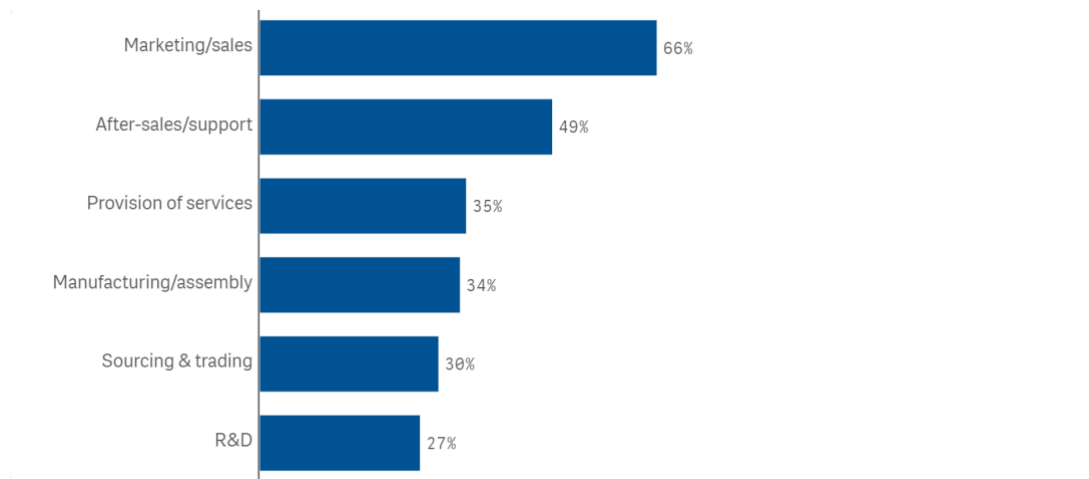
HOW SWEDISH COMPANIES SUCCEED IN INDIA

A sales-oriented approach

Two-thirds of the companies surveyed (66 per cent) prioritise marketing and sales for their operations in India, a notable increase from 44 per cent in 2023. Following closely behind, 49 per cent are engaged in after-sales and support activities. These findings align with previous years' priorities among the companies. Additionally, R&D constitutes 27 per cent of the respondents' operations in the market, showing an increase from last year's study where only 19 per cent claimed to have R&D activities in the country. This uptick is attributed to the abundant and skilled labour pool within India, as well as the demand for localised products in the market.

Furthermore, both manufacturing and sourcing activities have seen an increase compared to last year, which could be a result of various government programs aimed at boosting manufacturing within the country not only to cater to local demand but also to make India an export hub. This is attributed to aggressive initiatives being taken by the government to support domestic manufacturing and reduce reliance on low-cost import from Asian countries. One such example is recently imposed anti-dumping duties on three Chinese products – wheel loaders, gypsum tiles, and industrial laser machineries.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 195. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2024.

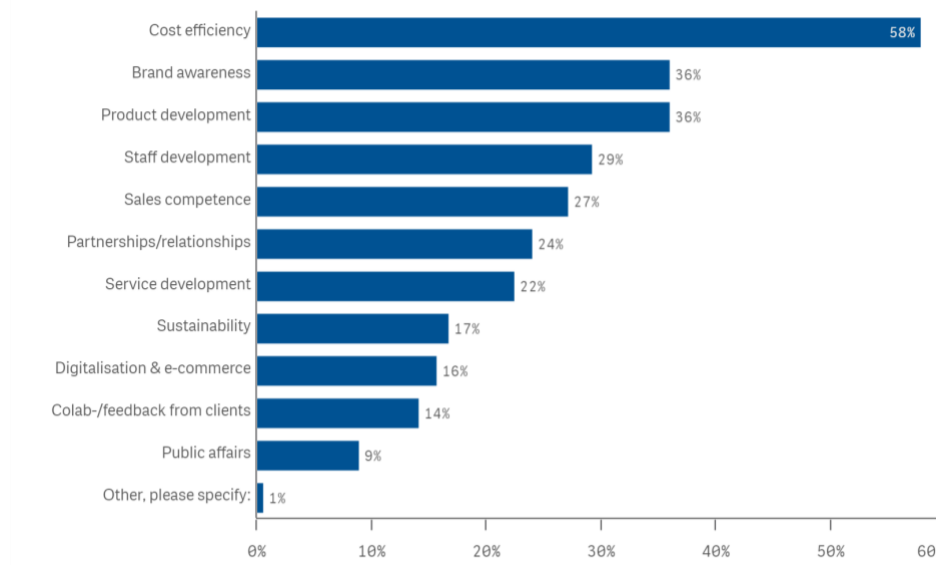
Cost is a key to competitiveness

Of the factors that are important for competitiveness in India, one factor that stands out is cost efficiency. This comes as no surprise as India is a cost-sensitive market. Similar to last year, the majority of respondents (58 per cent) claimed that cost efficiency is the most important factor to maintain competitiveness in the country, followed by brand awareness and product development with 36 per cent each. Innovative yet cost-effective products and services remain crucial for seizing opportunities in the Indian market.

Notably, sustainability has seen a significant increase in importance, rising from eight per cent to 17 per cent. This upwards trend suggests that offering sustainable solutions has become an increasingly competitive edge for Swedish companies operating in India.

The brand matters, so does the product development, especially in a vast and diverse market like India. With over 17 per cent of the world’s total population residing in India, comprising 1.4bn people spread across 28 states. To cater to the diverse needs and demand from this big geography, companies are expected to have tailored product development.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN INDIA?



SOURCE: Business Climate Survey for Swedish Companies in India 2024.

The Swedish brand remains attractive

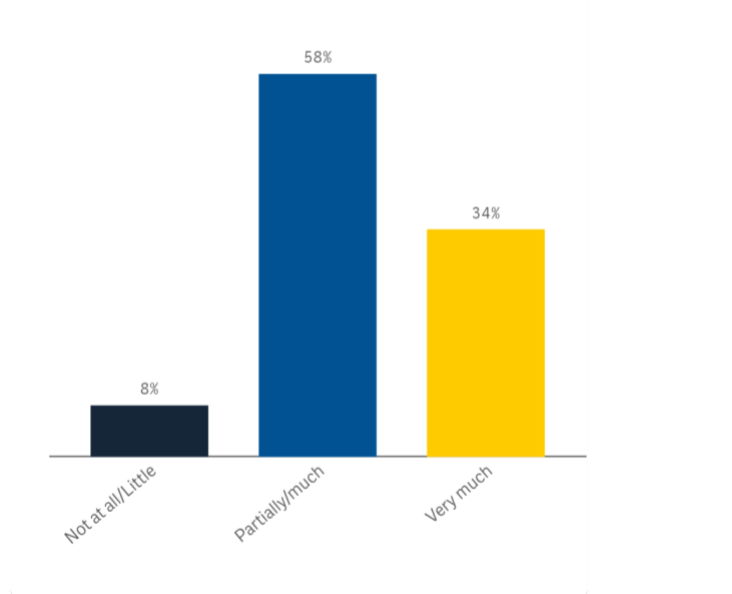
Sweden’s brand is renowned for embodying pioneering values such as cooperation, sustainability, innovation, and creativity and a focus on people-centric values. Consistently ranked among the most innovative countries globally, Sweden boasts a 98 per cent carbon-free energy grid and is home to the second largest concentration of unicorns per capita, surpassed only by Silicon Valley. Moreover, Sweden is highly regarded as one of the world’s most business-friendly economies, consistently ranking within the top10 out of 190 countries.

The Swedish brand continues to hold strong value in the eyes of customers to Swedish companies in India. Only eight per cent of the companies assert that the Swedish brand contributes little to no value, indicating that 92 per cent of companies perceive the Swedish brand as contributing to their business in India. However, in this year’s study, there is a noticeable shift towards companies responding that the Swedish brand contributes partially or significantly, rather than “very much”.

Among the companies that have responded most positively about the impact of the Swedish brand, the industrial sector stands out, with 40 per cent stating its importance, compared to 25 per cent in professional services and 23 per cent in the consumer industry. However, within the consumer segment, 69 per cent of companies stated that the brand contributed “Partially/Much”. This suggests that the consumer industry views the Swedish brand more modestly compared to the industrial and professional services sectors, indicating that other factors in doing business may play a more significant role within the consumer segment.

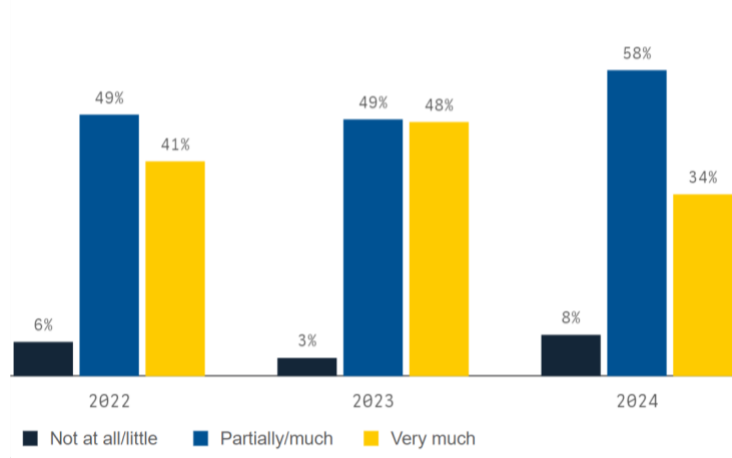
When surveying companies with varying levels of experience in the market, it was observed among all the mature companies that none indicated that the Swedish brand has little or no contribution to their business. However, among newcomers, 19 per cent provided such responses. One potential explanation for this disparity is that, in general, awareness of the Swedish brand is lower in India compared to many European markets. Consequently, for new companies entering the market, the Swedish brand may not be as prioritised as a sales argument initially, with other factors potentially playing a larger role.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN INDIA?



NOTE: The number of respondents for this question was 192. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2024

In last year’s study, 48 per cent of the companies indicated that the Swedish brand contributed very significantly to their business success in India, with only three per cent stating that it provided no or little value. Thus, there appears to be a shift towards a more modest attitude towards the Swedish brand in this year’s study.



NOTE: “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2024.

ACTING SUSTAINABLY

A world of opportunities

India has pledged to transition into a net zero economy by 2070, also committing to reducing the emission intensity of its GDP by 45 per cent by 2030. As the world's fifth largest economy, with a population exceeding 1,4 billion people, India faces immense challenges. Presently, 83 of the 100 most polluted cities globally are situated in India. The nation also grapples with issues such as waste management, water pollution, and shortages. These challenges not only impact the daily life of millions of people, but also pose a major barrier for future growth and food supply.

To address these urgent challenges and pursue sustainable growth, the government of India collaborated with the private sector in various public-private cooperations for initiatives. These efforts are projected to generate over 50 million jobs within new industries as part of the transition to a net-zero economy. At COP28, India emerged as one of the top-performing countries in the Climate Change Performance Index (CCPI), ranking seventh, a significant leap from the 31st position in 2014. This progress within just 10 years reflects India's impressive strides forward. The country is swiftly advancing its commitments to achieve sustainable growth, with some companies even surpassing government ambitions. Notably, India has already reduced emission intensity by 33 per cent relative to its GDP between 2005 and 2019 and has achieved 40 per cent of its electric installed capacity from non-fossil fuel sources. These achievements underscore India's determination and progress towards a more sustainable future.

In India's latest Union budget for 2024, several allocations relevant to the climate and energy sectors were unveiled. Among these, schemes for solar and wind power as well as a higher fund for the national green hydrogen mission was announced.

Additionally, there was a significant increase in the budgets for the Union Ministry of Environment, Forests, and Climate Change, and the Union Ministry of New and Renewable Energy. These allocations underscore India's commitment to its 2070 climate goals and Prime Minister Modi's 'Viksit Bharat' or 'Developed India' vision.

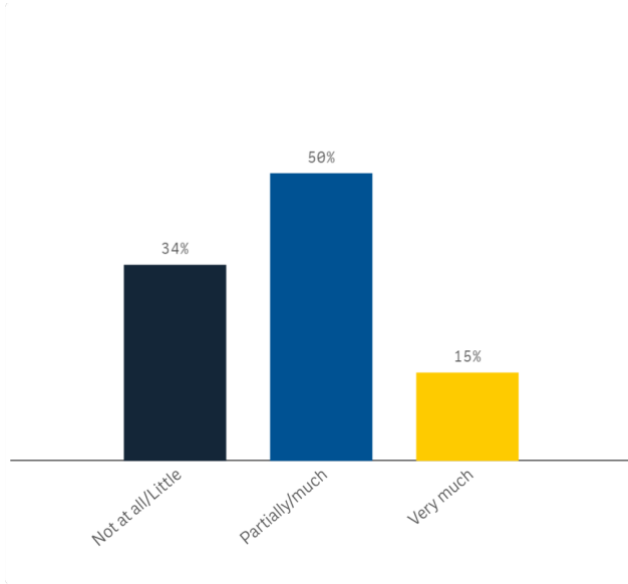
As highlighted in the introduction of this report, policies like the Carbon Border Adjustment Mechanism (CBAM) underscore the importance of India achieving not just growth but also sustainable growth. The initiative compels industries such as transportation, aluminium, and steel to undergo a green transition for their products to remain viable for export to the EU market. Sweden and India share a long-standing history of collaboration in clean energy, which has been sped up lately with initiatives such as the International Solar Alliance (ISA) and collaborating on R&D projects through partnerships with international organisations. Currently, several programs and MoUs are in progress across sectors such as heavy industry, paper, pulp and automotive. Recently, it was announced that the two countries will intensify their efforts within the steel and aluminium sectors to ensure compliance with CBAM regulations and reduce emissions. This will involve adopting a holistic approach across the whole value chain, from energy to raw materials.

During COP28, Sweden and India announced the launch of phase 2 of the LeadIT 2.0 initiative, a leadership group for industry transition. This partnership seeks to collaborate with governments, think tanks, industries, and academia from both countries to address the challenges of the green transition. Among the new initiatives announced, the link between health and climate change is emphasised by incorporating health into the agendas for discussion. This underscores the recognition of the interplay between environmental factors and public health outcomes in shaping sustainable policies and initiatives.

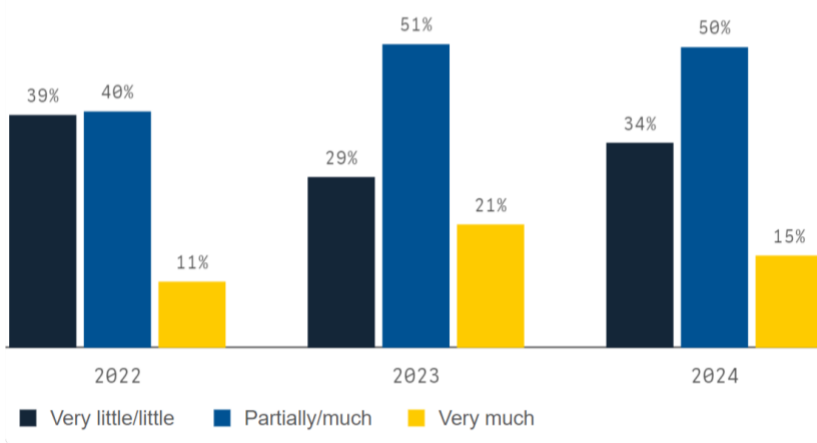
Indeed, there is no shortage of environmental challenges, but there is also a strong willingness to cooperate between Sweden and India. This collaboration opens doors for a plethora of opportunities for Swedish innovation to scale and make a global impact. It also enables India to

achieve more sustainable growth on its journey to becoming a high-middle-income country by 2047. Through shared efforts and synergies, both nations can address pressing environmental issues while fostering economic development and prosperity.

TO WHAT EXTENT DO CUSTOMERS IN INDIA CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 175. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2024.



NOTE: “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2024.

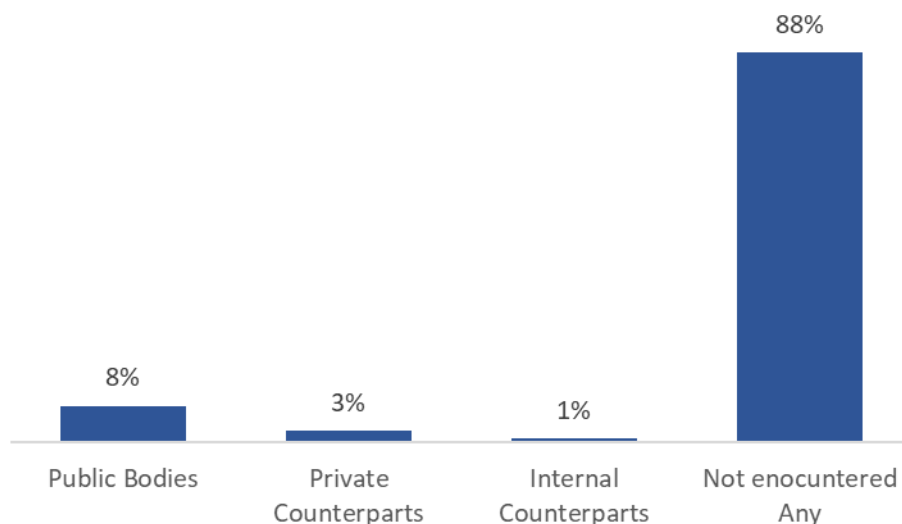
The influence of environmental factors on customers’ purchasing decisions in India has shown a slight decline from last year’s results.

While more companies indicate that sustainability has little or no impact, there remains a significant portion who assert that their customers do consider the environmental aspect when making purchases. Collectively, 65 per cent of the respondent’s state that customers do care about sustainability when deciding to buy their products, down from 72 per cent last year.

Large companies are more inclined towards the “partially/much” category, with 61 per cent favouring this option compared to only seven per cent who state, “very much”. In contrast, small and medium-sized companies hover around 40-50 per cent for partially much and 20 per cent for “very much”. In the category “Not at all/little”, small companies have the highest percentage at 40 per cent compared to 30 per cent for medium and large companies.

Majority of Swedish companies haven't encountered any corruption in India

HAS YOUR COMPANY IN INDIA BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 195. “Don't know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2024.

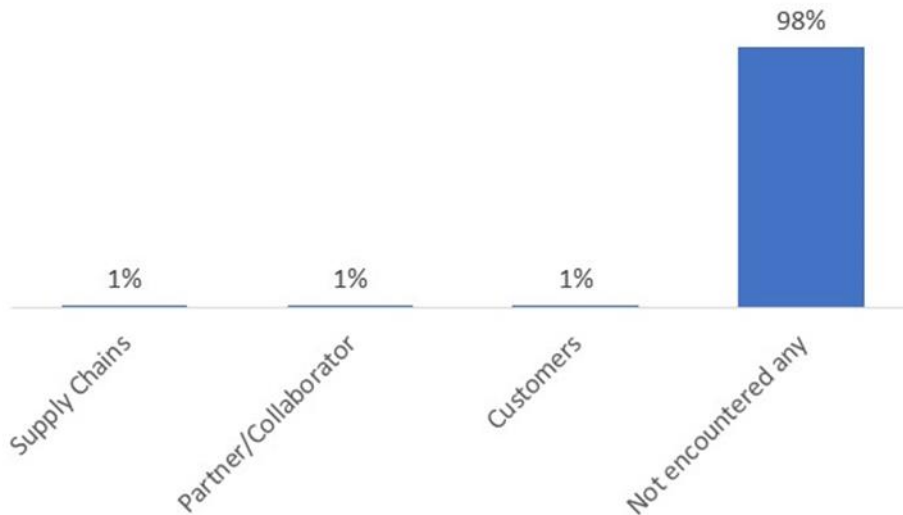
The majority (88 per cent) of Swedish companies have reported not encountering any instances of corruption while conducting business in the country, while 8 per cent acknowledged facing some form of corruption while dealing with public bodies. The government of India is actively working to combat corruption and has implemented various initiatives under the “Zero Tolerance Against Corruption” policy:

- Disbursement of welfare benefits directly to the citizens under various schemes of the Government in a transparent manner
- Implementation of e-tendering in public procurements
- Introduction of e-Governance and simplification of procedure and systems
- Introduction of Government procurement through the Government e-Marketplace (GeM)
- Central Vigilance Commission (CVC), through various orders and circulars, recommended the adoption of the Integrity Pact to all the organisations in major procurement activities.

Human rights violation has not been a challenge for Swedish companies in India

Ensuring the prevention of human rights violations has consistently been a paramount concern for Swedish businesses operating in India. The vast majority of Swedish companies in India have reported no instances of human rights violations in their dealing with supply chain partners, partners and collaborators and their customer. A whopping 98 per cent of these companies affirm they haven't witnessed any form of human rights violation while conducting business in the country.

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN INDIA?



NOTE: The number of respondents for this question was 195.
SOURCE: Business Climate Survey for Swedish Companies in India 2024.

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