



Sweden  
Sverige



# BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN INDIA 2023

A REPORT FROM TEAM SWEDEN IN INDIA

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## KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in India

Swedish Chamber of Commerce in India

# FOREWORD

Welcome to the Business Climate Survey Report 2023, highlighting Swedish companies' experience of doing business in India and their perception of the local market conditions. This survey is conducted as part of the Global Business Climate Survey, a collaboration between Business Sweden and Swedish Chambers International.

Sweden and India share a long history of collaboration, and 2023 is a very special year that marks 75 years of diplomatic relations between the two countries. Both countries have signed dedicated MoUs in several areas, including health, science and technology, energy, environment and urban development, defence, space, and MSMEs for the promotion of research and development cooperation and introduction of sustainable technologies.

India is now home to 260 Swedish companies, and this number is growing with the boost towards trade and investment by the Government of India. Swedish companies have been operating in India for over 120 years, with a surge in the last twelve years, when more than a hundred companies have entered India. Given India's stable political environment, geo-political strategic alignment, cost advantage, strengthened government initiatives, along with a rising domestic market and ease of doing business, the country is steadily rising as an attractive destination to be a hub for manufacturing, sourcing, and logistics.

With more than 220,000 people employed directly and 2,200,000 indirectly, the Swedish companies' group is active in various sectors and business areas, building long-term, sustainable, and meaningful business. Out of the 214 companies that participated in this survey, 86 per cent perceive the business climate encouragingly as good/very good.

As the business landscape in India rapidly evolves, Innovation, Digitalisation and Green Transition will be the key pillars of India's economic growth amongst the many common binding areas of interest to the companies. This was also the agenda when our two Prime Ministers met in May at the second India-Nordic Summit, this time held in Copenhagen, Denmark. LeadIT, the Solar Alliance, and our Innovation Partnership are some important initiatives where India and Sweden are leading the way.

In the post-pandemic era, we see India taking more space in global value chains going forward, and ongoing discussions on a Free Trade Agreement between the EU and India is another area of cooperation that could enable companies from both nations to expand cross-country collaboration.

We hope that this report will give you a useful overview of the business environment in India, especially for those who have not yet entered the Indian market. We in Team Sweden India stand ready to welcome you!

Thank you to all of you who took the time to participate in the survey and contributed with your thoughts and experience. And we trust you will find this report will serve as a valuable as well as an informative tool.



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Swedish Chamber of  
Commerce India

# EXECUTIVE SUMMARY



## COVERAGE

- **200+** Swedish companies in India answered the survey.
- **47%** of the respondents are medium-sized companies, followed by **35%** small companies and 18% large companies.



## ECONOMIC OUTLOOK

- **70%** of the respondents reported profitability in 2022.
- **60%** of the respondents plan to increase the investment in India in 2023 during the upcoming year.
- **79%** of the respondents expect their turnover in India would increase in 2023.



## BUSINESS CLIMATE

- **86%** describe the business climate in India as good or very good.
- **Advantages:** level of digitalisation, easy availability of service providers, distributors, suppliers, specialists, and key personnel, improved market access, and positive work culture.
- Suggested improvement areas: **licenses, permits & approvals, and physical infrastructure.**



## KEY SUCCESS FACTORS

- **81%** believe that the "Swedish brand" stands strong and contributes to their success.
- Important factors in maintaining competitiveness in the country are **Public Affairs, Cost Efficiency and Brand awareness.**



## SUSTAINABILITY

- **56%** of participants' customers consider environmental aspects of products/services while making purchase decisions.

# ABOUT THE SURVEY

## Companies of varied sizes, industries, and ages participated in the survey

The Business Climate Survey is a proven 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 March-April 2023 to track how the Swedish companies operating in India perceive the business climate, economic situation, and market development opportunities in the country.

All of the 261 Swedish companies in India were invited to participate in this survey, and 214 companies responded to the survey, resulting in a response rate of ~87 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. It 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 Swedish players' growth journey.

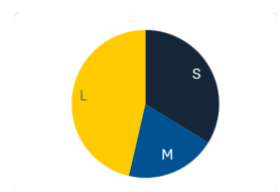
Around 18 per cent of the respondent companies are considered large with a global turnover exceeding US\$ 50 million and/or 1000+ global employees, while 47 per cent of the companies are medium-sized with a global turnover of between US\$ 11-50 million and/or the number of employees between 250-1000. The rest 35 per cent are small companies.

In terms of business areas, the majority of the respondents are industrial companies (53 per cent ), followed by professional services companies (40 per cent ) and consumer companies (seven per cent ).

Recent entrants, i.e. companies established in India after 2016, constitute 16 per cent of the respondents, compared to 64 per cent experienced companies that were established during 2002-2016 and 20 per cent mature that were established before 2001.

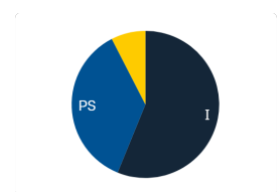
We hope that this report will provide valuable insights into how Swedish companies perceive the current business environment and ease of doing business in India.

### SIZE OF COMPANIES



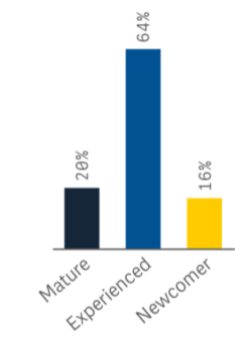
NOTE: Small: 0-249, Medium: 250-1000, Large: >1000

### MAIN INDUSTRY



NOTE: Professional Services: 40 per cent, Consumer: 7 per cent, Industrial: 53 per cent

### AGE OF COMPANIES



NOTE: Mature (<2001). Experienced (2002-2016). Newcomer (2017-)

# ECONOMIC OUTLOOK

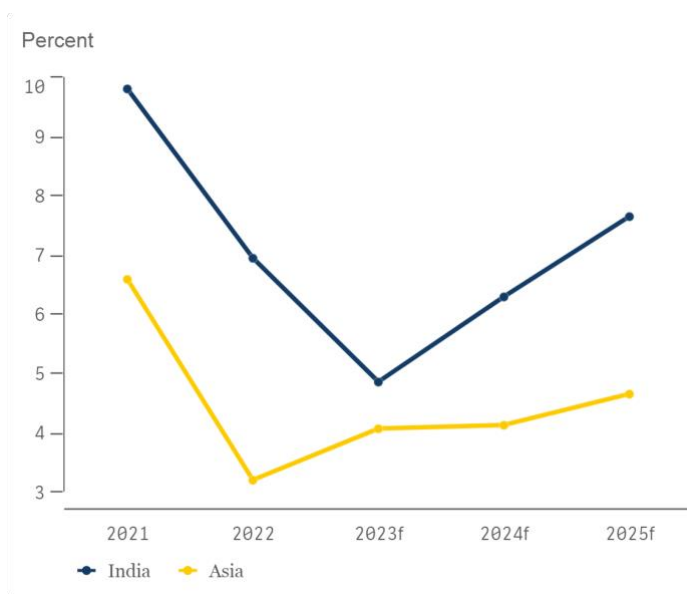
## Resilient economy in the face of global headwinds

As the world is going through a slow recovery, India has managed to maintain robust growth in the post-pandemic era. As per the World Bank's latest report, a few of the developed countries, such as the US, Japan and European countries, are projected to grow with less than a one per cent growth rate in 2023, whereas India's projection is 6.3 per cent.

Emerging economies, on the other hand, may be impacted by the slowdown in developed economies as these economies are largely dependent on exports. Due to the presence of a large domestic market, India isn't too dependent on exports as other emerging economies. India's exports account for approximately 22.4 per cent of its GDP, which is lower compared to the global average of around 30 per cent. In contrast, countries such as Vietnam have a significantly higher export-to-GDP ratio of 93 per cent, while Malaysia stands at 69 per cent, and various economies in the Asia Pacific region are at 56 per cent. (Source: World Bank)

India also witnessed slightly elevated inflation in earlier quarters, but various measures were undertaken by the Indian government and the Reserve Bank of India to curb inflation and its impact through monetary policies. The central bank has tightened monetary policy in a series of hikes since April 2022, resulting in an increased lending rate for fresh rupee loans, further supporting the economy. Also, the government has imposed a ban on the export of certain food items and increased fertiliser subsidy (INR 2.5 Tr highest till date) to control retail inflation in the country.

## PROJECTED GDP GROWTH IN INDIA



Source: Oxford Economics, GDP, real annual growth, Last update 10 May 2023

Following the contraction of real GDP in FY19/20 as a result of the Covid-19 pandemic, there was a robust recovery in growth during FY20/21. This recovery was facilitated by accommodating monetary and fiscal policies, as well as widespread vaccine distribution. Consequently, India emerged as one of the world's fastest-growing economies in 2022, despite facing substantial obstacles in the global arena, such as renewed disruptions in supply chains due to escalating geopolitical tensions, the simultaneous tightening of global monetary policies, and inflationary pressures.

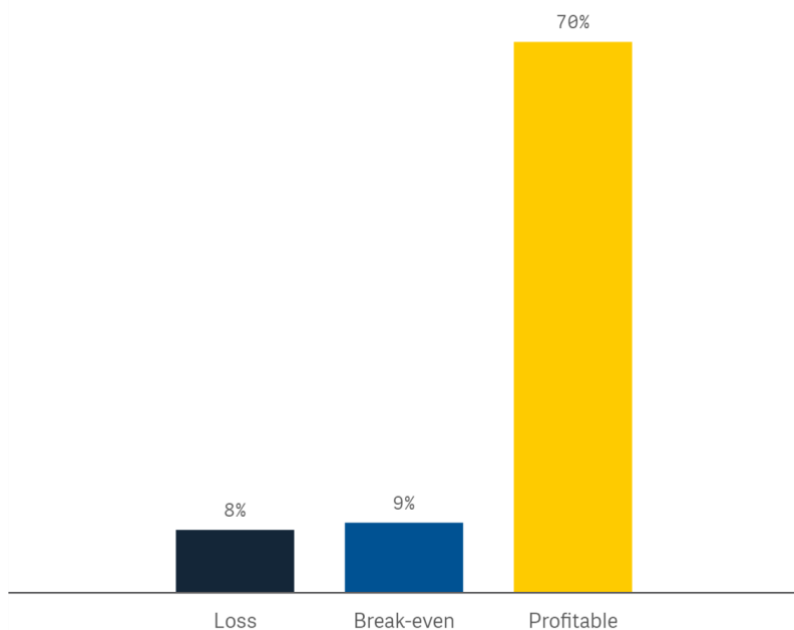
India's real GDP grew by approximately ~5 per cent in FY23. According to World Bank, the growth was supported by strong domestic demand, increased investment activity fuelled by the government's push, and robust private consumption, primarily among higher-income individuals. However, there have been signs of moderation since Q3 FY22/23, although the overall growth momentum remains strong. Persistent challenges such as rising borrowing costs, tighter financial conditions, and ongoing inflationary pressures are expected to impact India's growth in FY23/24.

In terms of fiscal indicators, both the general government fiscal deficit and public debt-to-GDP ratio experienced significant increases in FY20/21 but have gradually declined since then. The fiscal deficit decreased from over 13 per cent in FY20/21 to an estimated 9.4 per cent in FY22/23. Similarly, public debt declined from over 87 per cent of GDP to approximately 83 per cent during the same period. This consolidation was primarily driven by revenue growth and a gradual withdrawal of pandemic-related stimulus measures.

Additionally, the government has maintained its commitment to enhancing capital spending, particularly in infrastructure, to foster growth and enhance competitiveness. The government's focus on capital spending and infrastructure was also observed at US\$ 550 billion in the 2023 budget. India's finance minister announced that the government's capital investment outlay would rise for the third year in a row, with a sharp 33 per cent hike to 10 trillion rupees (US\$ 122 billion). That is equivalent to about 3.3 per cent of gross domestic product. Also, the government had identified 100 critical transport infrastructure projects related to first- and last-mile delivery in the port, coal, steel, fertiliser, and food grain sectors.

This resilience shown by the Indian economy can also be seen in Swedish companies' response towards their business performance in past years and their expansion plans and investment in the near future.

## HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN INDIA IN 2022?

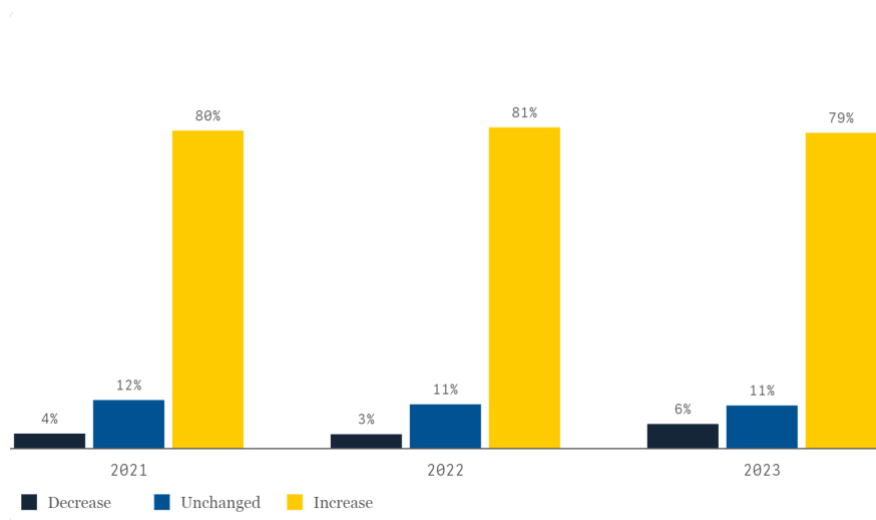


NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

Despite global uncertainties, a significant percentage of Swedish companies in India reported their operations to be profitable. Compared to 2021, where 62 per cent of the respondents witnessed profitability, the percentage has increased to 70 per cent in 2022. Nine per cent were able to break even, whereas only eight per cent of respondents reported a loss in 2022, as depicted in the figure above.



## 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 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

Around 79 per cent of Swedish companies in India are optimistic regarding their prospects for an increase in turnover and better financial performance. Over the past few surveys, this percentage has only seen minute deviations.

## India continues to attract the interest of global companies and investors

In 2021-22, India registered its highest-ever total FDI inflows of US\$ 84.84 billion. The Mauritius route accounted for around 26 per cent of the total foreign direct investment (FDI), while Singapore followed closely behind with 23 per cent. The United States comprised nine per cent of the FDI, with the Netherlands at seven per cent, Japan at six per cent, and the United Kingdom at five per cent. The United Arab Emirates, Germany, Cyprus, and the Cayman Islands each represented two per cent of the FDI.

Between April 2000 to September 2022, total FDI into India reached US\$ 887.8 billion.

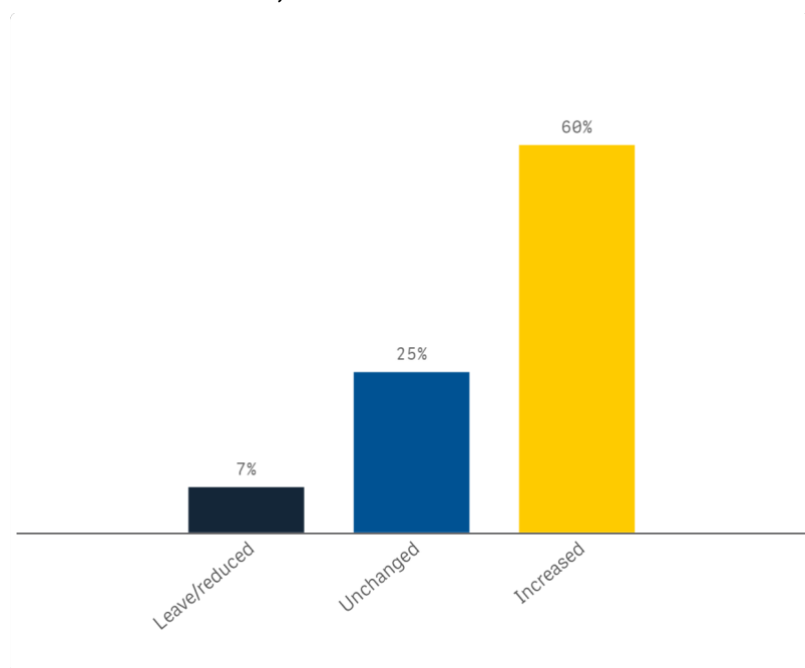
The services sector, along with computer software and hardware, telecommunications, trading, construction development, automobile, as well as chemicals and pharmaceuticals, emerged as the primary recipients of substantial (FDI). The service sector continues to be quite popular with global players – FDI inflows to the sector increased to US\$ 153.01 billion during April 2014 to March 2022 from US\$ 80.51 billion during April 2000 to March 2014

Between 2015 and 2020, Swedish companies invested US\$ 1.7 billion in India. Also, in the past three years, multiple Swedish companies infused huge investments and opened manufacturing facilities in the country, including Alleima's new Hydraulic and Instrumentation tubing factor, IKEA invested ~US\$ 400 Mn earlier in 2022 to open a store in Bangalore, India. The investment from Swedish players is further expected to rise in the coming

years and is diversified across industry sectors. Below are a few of the investment plans already announced by leading Swedish firms in India.

- IKEA announced to invest ~US\$ 1.2 Bn towards setting up two retail stores and malls in Northern Indian states.
- Medcover announced its aggressive plan to double the capacity of its hospitals and beds in the next five years in India.
- Serneke intended to invest ~US\$ 1.2Bn in the Film City project in the northern Indian state of Uttar Pradesh.

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



NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

A majority of the Swedish companies surveyed are quite optimistic about the Indian market and plan to expand operations; 60 per cent are looking forward to increasing investments during the upcoming 12 months. Twenty-five per cent of companies reported they will neither increase nor decrease their investments, whereas only seven per cent indicated they will reduce their investment or exit the market in the coming year.

# THE MARKET

## India presents immense opportunities for global businesses

India being one of the largest and fastest-growing economies, presents immense opportunities for global investors. The Indian government has been making enormous efforts to create an open and collaborative ecosystem not only for domestic investors but also to attract foreign investors. Multiple policies and programs have been initiated by the government, including GST (Goods & Services Tax), Land acquisition, Start-up India, Make in India and Tech Parks, which have furthered “Ease of Doing Business” in the country. Below are the three important levers needed to build any country an ideal destination for investment, and the country has been working to upgrade these levers.

**Technology:** India’s technology ecosystem is evolving very rapidly, not only from the supply side but also from the demand side. The majority of industries have decent technology adoption, including Industry 4.0, AI, blockchain, automation etc. All this has been possible because of substantial internet penetration in the country. Urban India has 70 per cent+ internet penetration with nationwide high bandwidth fibre optics network availability. This matured connectivity ecosystem also enables companies to reach out to a large customer base through hybrid business models. These changes are making India an attractive market for global investors.

**Resources:** India also has a vast pool of skilled and experienced working professionals. Every year India produces ~1.5 million engineering graduates, which makes India an ideal destination for engineering and innovation centres. India is a hub for IT and Business Process Management services for global clients; India’s IT & BPM industry holds more than 50 per cent of the global outsourcing market with the presence of mostly all the IT companies in the country.

**Infrastructure:** In addition to resources, India also provides modern business & technology infrastructure, which attracts global companies to set up their base here. India has world-class manufacturing plants, tech support centres, innovation parks, and research centres.

India has been known as a leader in software and BPM outsourcing in the world. With the government efforts and increasing domestic demand, the country is now moving rapidly up the value chain from providing low-cost software services to hardcore manufacturing and offers huge opportunities for the international players across industries, such as pharmaceuticals, food products, white goods, solar component manufacturing, automotive, industrial equipment, semiconductors, next-generation telecommunications and others.

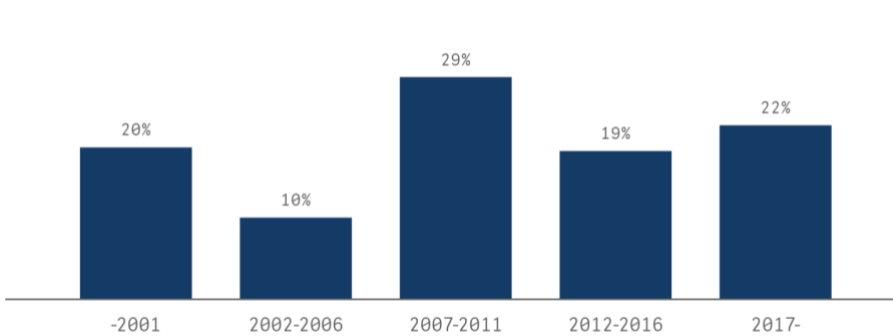


India has bounced back very well despite the global uncertainties & economic crisis. It is expected to be the fastest-growing economy in the world. Also, the current Business Climate in India is optimistic & bright.

Digitalisation, Infrastructure development, and Renewable Energy are the key growth enablers of India and will play a very important role in driving the Indian economy in general & the industries in particular.

A leading climate solutions provider

## IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN INDIA?



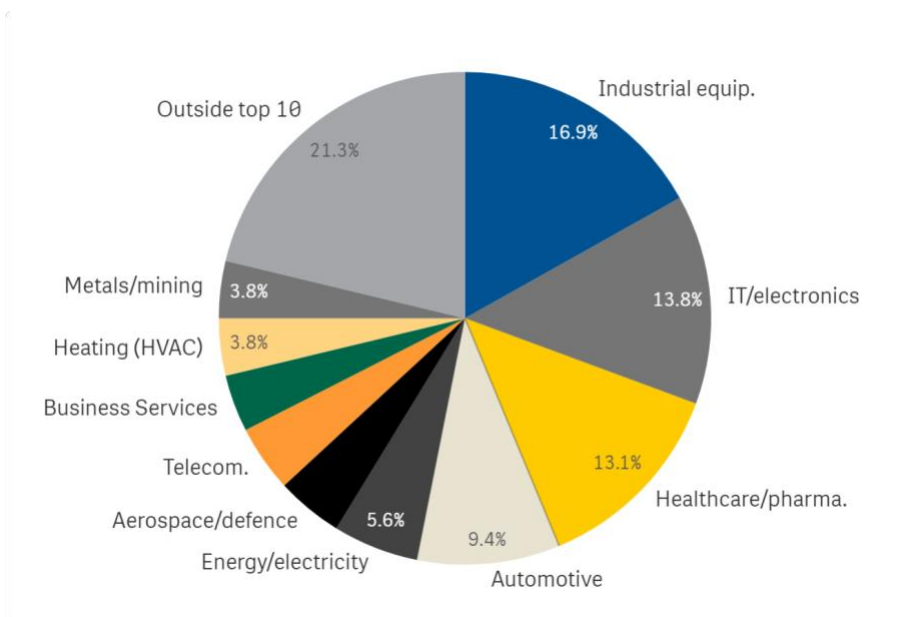
NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

The business relations between India and Sweden were established at the beginning of the 20<sup>th</sup> 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.

Over 40 per cent of companies in this survey established operations in the Indian market in the past 10 years. With increasing domestic demand and government push towards Make in India and PLI schemes, India is expected to further witness more entry of Swedish players, especially in the manufacturing sectors across heavy engineering, mobility, energy & sustainability sectors and others.

## WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN INDIA?



NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

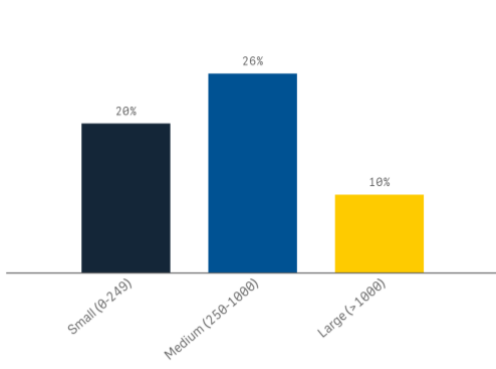
India has been continuously focusing on nurturing favourable conditions for companies and businesses to operate on its soil. The country has steadily climbed up the World

Bank's "Ease of Doing Business" chart improving its position from 142<sup>nd</sup> in 2014 to 63<sup>rd</sup> in 2022.

Healthcare/Pharma, Industrial equipment, automotive, and IT are among the preferred sectors for entry and growth of Swedish companies in India. Under the Industrial equipment sector, a diverse range of Swedish companies engaged in the manufacturing of machinery & equipment, construction material, metal and plastic products, and automation technology products are present in the country.

The largest share is captured by companies in the industrial equipment sector (16.9 per cent), followed by IT & Electronics (13.8 per cent), Healthcare/Pharmaceuticals (13.1 per cent), Automotive (9.4 per cent), and Energy/Electricity (5.6 per cent).

### SWEDISH FIRMS' GLOBAL NUMBER OF EMPLOYEES IN 2023

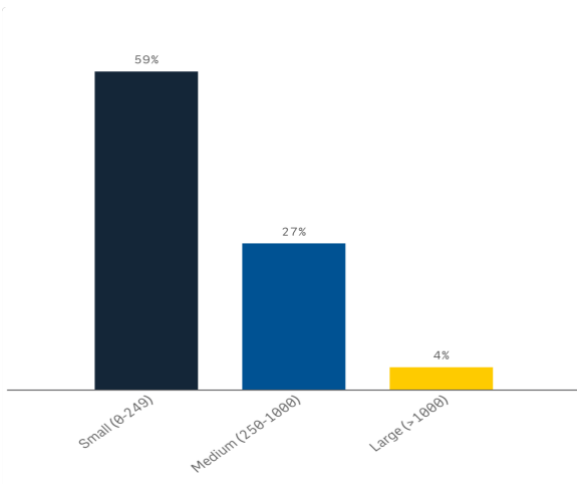


NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

Looking at the presence of Swedish players in terms of the size of the company, the highest share (26 per cent) is captured by mid-sized companies with global employee strength between 250 and 1000. The recent surge in the number of Swedish start-ups, and SMEs venturing out of Sweden to global markets, resulted in companies with less than 250 employees accounting for the second largest share (20 per cent). Large companies with more than 1000 employees represent the lowest share (10 per cent) in terms of total respondents.

### SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN INDIA IN 2023



NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

India is gradually emerging as a key export market for Swedish companies, attributed to the improvement in ease of doing business, infrastructure development, and strong private consumption. Around 40 per cent of the current 262 companies have entered India in the last twelve years and have been strengthening their presence in the country. Four per cent of the companies have a local workforce of over 1,000 people, 27 per cent employ between 0-249 local employees, whereas 59 per cent employ 250-1000 employees.

## **Doing business in India has never been better**

An overwhelming majority of respondents (86 per cent) in the 2023 survey indicated that they perceive the business climate in India as Very Good/Good. This represents a substantial increase from the 2022 survey results, wherein the equivalent figure was 67 per cent. The proportion of companies reporting Very Poor/Poor continues to go down – from 11 per cent in 2021 to a mere three per cent in 2023.

When taking into account that the global pandemic was still continuing in 2021 and 2022, these results are impressive, indicating that India has been successful in maintaining a strong business climate despite global uncertainty.

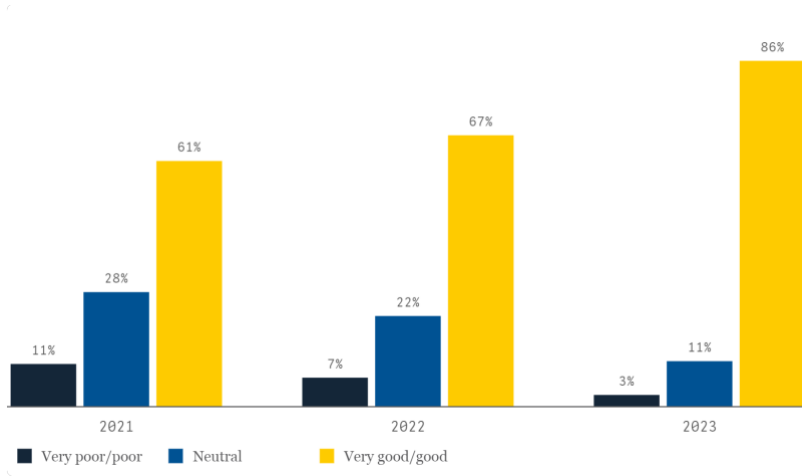
Policy reforms, investment facilitation, strengthening of the Make in India initiative, tax breaks and low cost-high skilled resources have resulted in better ease of doing business in India and attracted more foreign investment in the country.

Deep reforms, including Gati Shakti, launched at the end of 2021, a digital platform to bring 16 ministries together, including Railway and Roadways, for integrated planning and coordination. Holistic planning and implementation of Connectivity projects are surely helping foreign investment.

Production Linked Incentives (PLI) Scheme launched across 14 key manufacturing sectors, further boosting the Make in India initiative and encouraging domestic as well as foreign players to expand their manufacturing operations in the country. This policy offers opportunities not only to foreign manufacturers, but also to players who can help in setting up the complete supply chain of the industries.

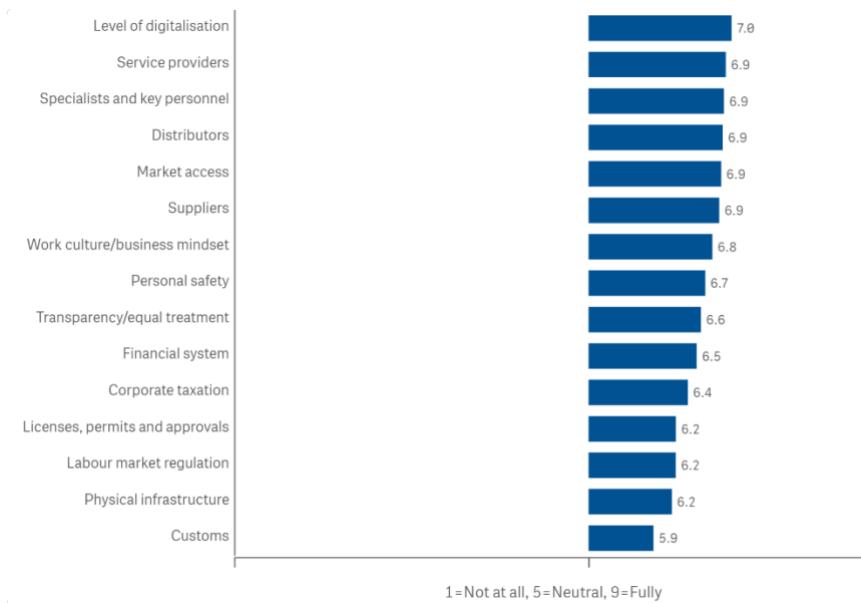
The aforementioned efforts by the government of India have created a positive business climate for foreign players, including Swedish players looking for international expansions. Positive sentiments on the business environment are equally prevalent among large, medium, and small-sized companies across all industries. Companies in the consumer products sector have the highest positive perception of the business climate, followed closely by industrial services and professional companies.

## HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN INDIA?



NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

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



NOTE: The number of respondents for this question was 214.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

As per the survey, the Swedish companies in India are overall satisfied with the presence of basic prerequisites for doing business in India. Except for "Customs", all different components of the business climate mentioned in the survey are rated above 6 on a scale of 1-9. The level of digitalisation, service providers, distributors, suppliers, specialists/key personnel, and market access in India are rated the highest. Although with ratings above neutral, customs, licenses, permits & approvals, physical infrastructure, and labour market regulations are the least rated.

The current investment climate is extremely positive with the growing middle-class population fueling the consumption coupled with Govt of India's Ease of doing business initiatives.

Stable governance and revived policies, with economic stability makes India an attractive destination for multinational companies.

A leading Swedish Industrial Products Manufacturer

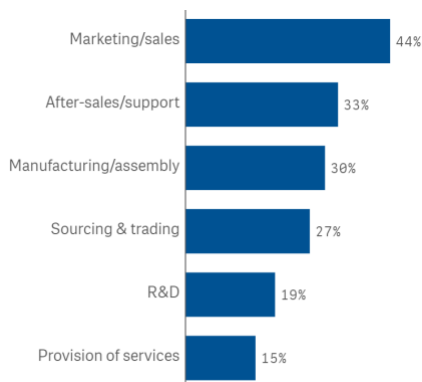
# HOW SWEDISH COMPANIES SUCCEED IN INDIA

## Sales and Marketing remain a focus in local operations

For over 44 per cent of respondents, marketing and sales form a key focus of their local operations in India, other target areas include after-sales and support (33 per cent) and manufacturing and assembly operations (30 per cent). Twenty-seven per cent and 19 per cent of the respondent companies have their key operations in sourcing & trading and R&D, followed by provision of services represent (15 per cent), and these are the two areas where we have been seeing increasing focus recently. Whereas provision of services represents only 15 per cent of the respondents' key operations in the country.

Sourcing & Trading and R&D are two areas where we have been seeing increasing focus recently. India eased its local sourcing norms for FDI in Single Brand Retail Trading (SBRT) in 2019, which also boosted Swedish players' confidence in setting-up sourcing & trading operations in the country. Also, India is emerging as an R&D hub for multinational companies, especially in pharmaceuticals, automobiles, IT and biotechnology verticals. The US, Singapore, and France are some of the biggest R&D investors in India, driving R&D operations in their respective economic sections. The companies not only drive India or APAC-specific product design and R&D but also for other markets.

### OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

## Public affairs and cost efficiency define competitiveness

All the participating companies (100 per cent) in the survey rated Public affairs in India to be of the highest importance when it comes to maintaining competitiveness in the market. In the Indian context, the public affairs scope helps companies learn about the

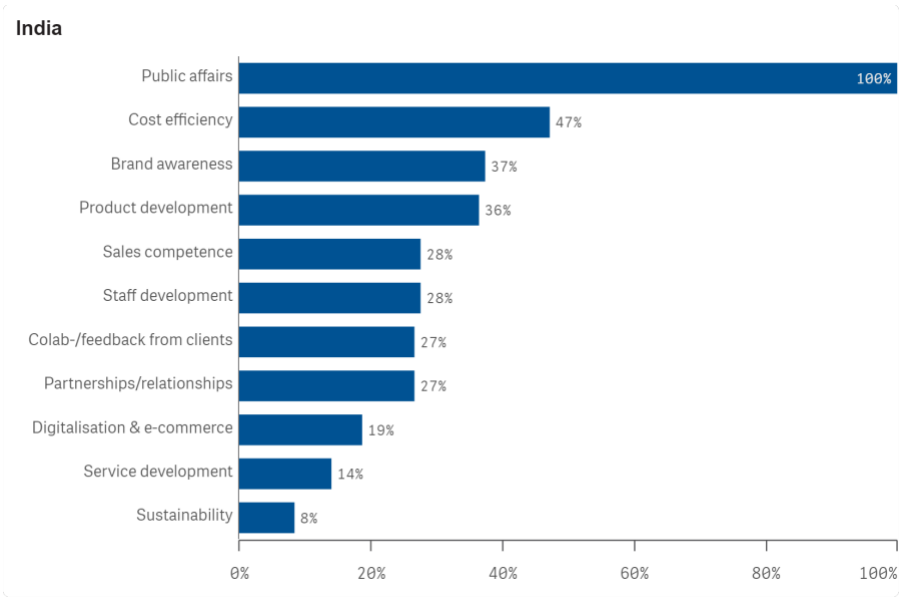


directional governmental policy, which is very helpful in formulating growth strategies for the country.

Close to half (47 per cent) of the participating companies ranked Cost efficiency as being vital. This comes as no surprise as India is a cost-sensitive market. Innovative yet cost-effective products and services remain key to unlocking opportunities in the Indian market.

Other important areas include Brand awareness, Product development, Sales competence, etc.

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

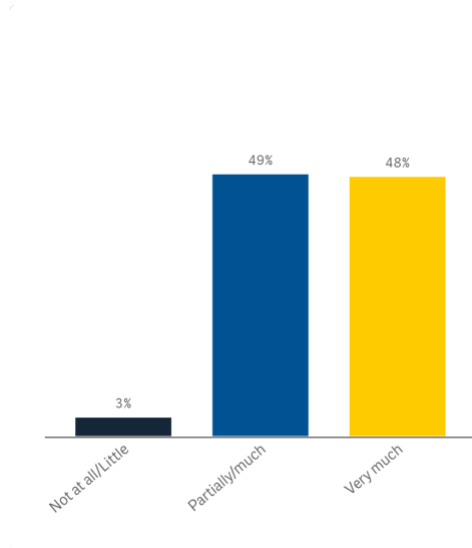


NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2023.

## Swedish brand is a supporting factor for the business

### 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 214. “Don’t know/Not applicable” responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

Sweden continues to rank highly when it comes to innovation, sustainability, and developing high-quality products. Global Innovation Index 2022 ranked Sweden as the third most innovative country after Switzerland and the US. This Swedish reputation or brand translates well in the Indian market.

As per the Business Climate Survey, 97 per cent of the companies reported that the Swedish brand contributes Much/Very much to their business in India. Only three per cent of respondents report that it has Not at all/Little impact on their performance.

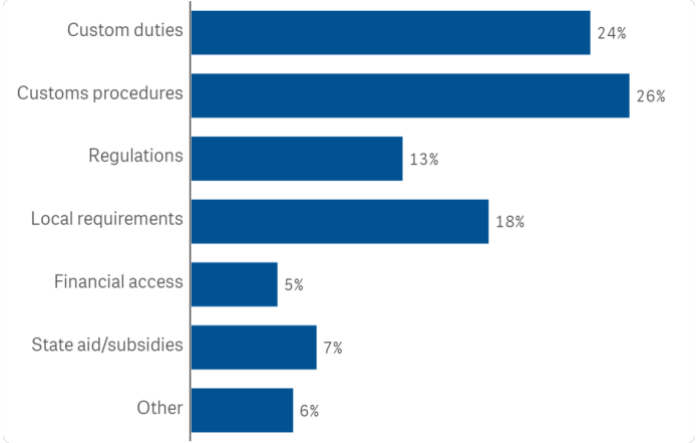
## Navigating the Customs Conundrum

Atmanirbhar Bharat, or the Self-reliant India campaign, is of the flagship programmes of the Indian government. The focus is on indigenisation and ramping up domestic manufacturing for various goods and services. To safeguard the interests of domestic manufacturers, import and customs duties are utilised.

In the last year, the government has hiked or imposed new customs duties on raw materials and components used in various industries, such as solar cells and modules, children’s toys and luxury & electric vehicles and others. As a result of the import/customs duty hike, the country has seen declining export and rising new investment from foreign and domestic players in the country.

At present, there is no free trade agreement between India and EU countries. Hence, 24 per cent and 26 per cent of the respondents indicated witnessing trade barrier challenges in customs duties and customs procedures areas, respectively. These figures remain largely unchanged from last year’s survey. However, EU-India Free Trade Agreement is under negotiations and has recently conducted a fifth round of discussion successfully, expected to be concluded in 2024.

**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 214.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

# ACTING SUSTAINABLY



**While sustainability is not only a responsibility but also an obligation for all economies globally, the challenges are amplified in a case of a fast-emerging economies such as India where it is important to balance growth expectations with sustainable solutions.**

**A leading digital transformation and advisory company**

## The Green Transition: India marches on

India is one of the fastest-growing economies in the world and has committed to becoming a net zero economy by 2070. It has also committed to reducing the emissions intensity of its GDP by 45 per cent by 2030. As per the Climate Change Performance Index (CCPI, 2023), India ranks amongst the top five best-performing countries on Climate Change, attributed to the country's aggressive policies towards renewable energy adoption, a robust framework of energy efficiency programs and other green transition initiatives.

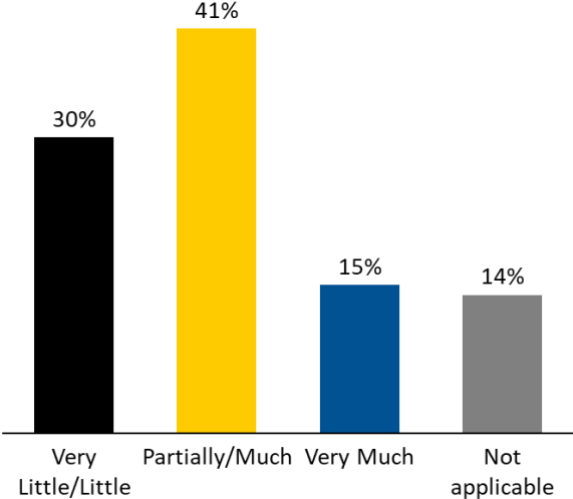
India is on its path towards environment-oriented transformation, aligning with the Prime Minister's vision of "LiFE" or Lifestyle for Environment – a flagship programme to promote a sustainable lifestyle across the globe. At COP 27, India launched its long-term low-carbon development strategy providing a roadmap for sectoral transitions needed for India's transition to the 2070 goal. As per the Long-Term Low Emissions and Development Strategies (LT-LEDS) submitted, India will focus on seven key areas to reduce net emissions, including electricity, urbanisation, transport, industrial systems, CO2 removal, forestry, and economic and financial aspects. Additionally, India has already started working towards these goals and is introducing ways and mechanisms to increase the use of biofuels (ethanol blending in petrol), adopting more green hydrogen as a fuel, boosting the number of electric vehicles in the country, expansion of public transport networks etc.

Indian Government has prioritised "Green Growth" as one of the key areas under India's Financial Budget 2023; to support a range of initiatives aimed at accelerating clean transition and sustainable growth. This includes a number of projects:

- **National Green Hydrogen Mission:** An outlay of US\$ 2.4 Bn has been allocated with an ambition to reduce dependence on fossil fuels and reach an annual production of 5 MMT (million metric tonnes) of green hydrogen by 2030.
- **Green Energy Transition:** US\$ 4.3 Bn has been allocated to the Ministry of Petroleum and Natural Gas towards priority capital investment for energy security, net zero objectives, and energy security.
- **Battery Storage:** Announced viability gap funding for a large energy storage system with a min capacity of 4000 MWh.
- **Renewable energy:** Announced renewable energy-based interstate grid integration and power transmission projects worth US\$ 2.5 Bn.
- **Green Credit Program:** An incentivised program under Environment Protection Act, 1986; for companies, individuals, and local bodies that undertake environmentally sustainable and responsive actions.
- **Vehicle replacement:** The budget also allocated funds to scrap old polluting government vehicles and replace them with new ones.

India is leading the presidency of G20 this year, which focuses on the theme of "Vasudhaiva Kutumbakam", or "One Earth, One Family, One Future". The theme highlights the importance of adopting ecologically responsible and mindful choices, both in individual lifestyles and national development. Through this program, India is moving towards becoming a more sustainable, cleaner, greener, and healthier nation. This also helps create awareness among the common men to prioritise sustainable products over regular ones.

**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 214.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

Environmental aspects of products have started to emerge as one of the key factors impacting the purchase decision-making process of key customers. As per the survey, 56 per cent of companies responded that their customers in India consider (fully or partially) environmental aspects of a product or service in their purchasing decision, whereas 30 per cent responded their customers consider very little or little.

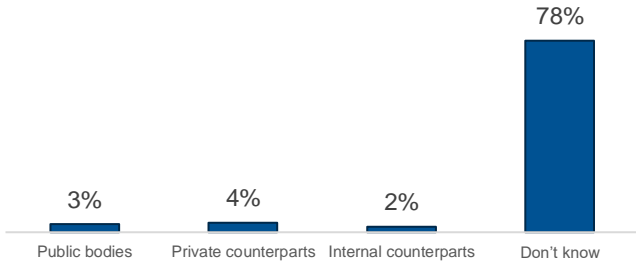
# India continues to tackle Corruption Problem at all levels

As per Corruption Perception Index by Transparency International, India ranks 85th on a list of 180 countries, the same as last year but has improved significantly by seven positions compared to 2018.

Although the pace of Improvement in CPI is not similar to the level of improvement in overall ease of doing business, the country has been addressing this issue at all levels by leveraging technology, enhancing transparency and simplifying procedures. Some of the key initiatives and actions taken by the Indian government include whistleblower protection, direct benefit transfer mechanisms, implementation of E-tendering in public procurements, deployment of the Central Vigilance Commission (CVC) and others. While these measures have been implemented in the system, India continues to work on strengthening its legal framework, improving the efficiency of law enforcement agencies, and fostering a culture of integrity and ethics in both public and private sectors to combat corruption comprehensively.

The majority of respondents in the survey either declined to comment or were not aware of any corruption issues. Around four per cent mentioned witnessing corruption while dealing with private counterparts, and three per cent while dealing with public bodies. Around two per cent mentioned having faced corruption with their internal counterparts.

## 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?

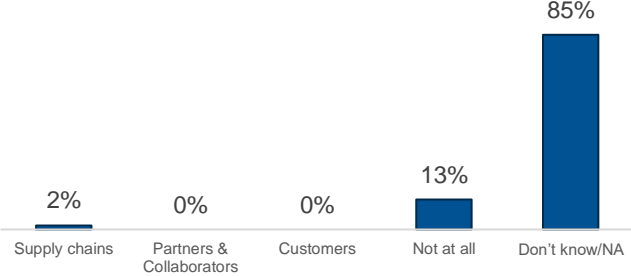


NOTE: The number of respondents for this question was 214.  
SOURCE: Business Climate Survey for Swedish Companies in India 2022.

# High focus on the prevention of human rights violations among Swedish companies in India

Preventing human rights violations has always been a priority focus area for Swedish businesses in India. The majority of Swedish companies in India follow a high level of ethical practices while dealing with supply chain partners, partners and collaborators and their customers from a human rights point of view. Although the majority of respondents, 85 per cent, commented Don't know/NA, 13 per cent have not witnessed any violation of human rights. Only two per cent of respondents said they had encountered human rights abuses in their supply chain in India.

**HAS YOUR COMPANY IN INDIA ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN ANY OF THE FOLLOWING AREAS?**



NOTE: The number of respondents for this question was 214. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in India 2023.

# CONCLUDING COMMENTS

- ✓ 2022 turned out to be a great year for Swedish companies in India. ~70 per cent of the surveyed companies reported profitability in 2022, whereas in 2021, the share was 62 per cent.
- ✓ Also, Swedish players are very optimistic for the coming year as well: ~80 per cent of the surveyed companies are expecting their turnover to be increased next year, and 60 per cent are planning to expand their operations in the country.
- ✓ Most of the surveyed Swedish companies (86 per cent) in India perceive the business climate in India as very favourable for doing business; in 2020, the equivalent figure was 61 per cent, and 67 per cent in 2021. The favourable conditions for their business in India are good availability of service providers, specialists and key personnel, digitisation acceptance, distributors etc.
- ✓ All the participating companies in the survey rated Public Affairs in India to be of the highest importance when it comes to maintaining competitiveness in the market. Close to half of the participating companies ranked Cost efficiency as being vital, followed by brand awareness.
- ✓ Almost all the surveyed companies reported that the Swedish brand contributes Much/Very much to their business in India.
- ✓ At present, there is no free trade agreement between India and EU countries. Hence, 24 per cent and 26 per cent of the respondents indicated witnessing trade barrier challenges in customs duties and customs procedures areas, respectively.
- ✓ Environmental aspects of products have started to emerge as one of the key factors impacting the purchase decision-making process of key customers. 72 per cent of companies responded that their customers in India consider (fully or partially) environmental aspects of a product or service in their purchasing decision.



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