

# MISSP

**MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)  
BUSINESS FACILITATION SUPPORT PROGRAM**

**MISSP BROCHURE ON  
INDIAN AUTO AND AUTO COMPONENTS INDUSTRY**

Powered by



**Embassy of India**  
Bern, Switzerland  
Concurrently Accredited to the Principality  
of Liechtenstein and The Holy See

and

**E A C**  
INTERNATIONAL CONSULTING



## “MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)”

### MISSP INTRODUCTION

“MISSP” is a business facilitation support programme launched for Swiss SMEs by the Embassy of India, Berne, Switzerland on 1st November 2017. The objective of MISSP is to boost the momentum of Swiss-Indo business relations by facilitating efficient build-up of intelligent business models capable of utilizing the inherent advantages of Indian economic structure

### Advantage

- MISSP is a unique platform that combines services rendered by government, non-for-profit and private entities – **“one stop source for business support”**
- **“Non Political and Non bureaucratic Program”**
- Compliments the **“ease of doing business” in India**
- Delivers **comprehensive know-how** about diversified and dynamic Indian business ecosystem

### Service Offering Through Extensive Partner Network

The MISSP programme offers wide range of business support services under a single platform through a consortium of programme partners focused on providing requisite facilitation services for Swiss companies

#### Knowledge Sharing/ Networking

*Common Workshops –  
Networking Events*

#### Collaboration

*Research and Development –  
Technology – Skilling*

#### Market Entry Strategy Consulting

*Market Assessment – Sales and  
Distribution – Localization – M&A*

#### Tax & Legal

*Company Incorporation – Taxation  
– Due Diligence – Audits – Dispute  
Resolution*

#### Liasoning

*Indian Central and State  
Government Authorities/  
Organizations*

#### Financing

*Banking – Project and  
Trade Finance – Forex  
Management*



## “MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)”

### PROGRAMME ROLLOUT AND IMPLEMENTATION

The programme is designed to provide case-by-case support to all companies in four different ways



### MISSP Workshops – Key Topics Planned, 2018 (Preliminary)



Distribution Strategies



Cross Border Tax Challenges



Supply Chain Challenges



Goods and Service Tax

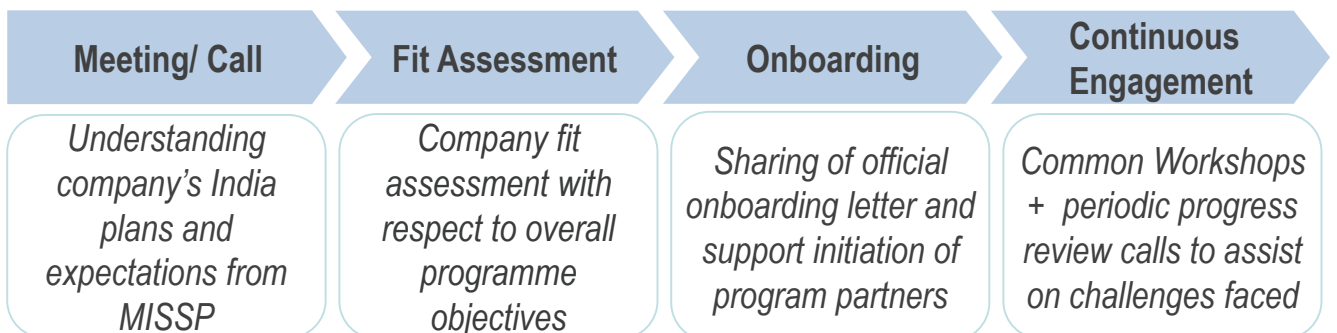


Setting up joint ventures in India



Company Incorporation

### Programme – Member Engagement Process

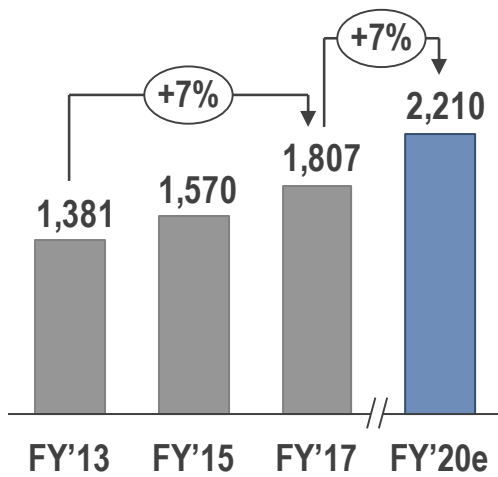




## INDIA MACRO ECONOMIC PERSPECTIVE

### GDP GROWTH AND OUTLOOK

India GDP (bln CHF)



- 3<sup>rd</sup> largest economy in the world by Purchasing Power Parity (PPP)
- India emerged as fastest growing major economy globally overtaking China in last 2 to 3 years and is expected to **outpace world's economic growth by 2X till 2020**
- **Improving macroeconomic fundamentals** – inflation falling from high of 10 to 4.7%, declining interest rate, fiscal deficit moving towards 3% target and current account deficit under control

### GOVERNMENT IMPETUS FOR GROWTH

#### BUSINESS

- GST - unified national tax
- Further Relaxation of FDI Norms
- Initiatives: Make in India, Skill India

*“FDI doubled since 2014 to reach 43.4 bln USD in FY 17”*

#### INFRASTRUCTURE

- 1.5-2x increased government spend
- On verge of becoming power surplus
- Key projects: Smart cities, Delhi Mumbai Industrial Corridor

*“~880 bln EUR infra investment planned for next 5 years”*

#### GOVERNANCE

- Digitalizing government approvals
- Implementation of bankruptcy law to simplify exits + End retrospective taxation for cross border investments

*“Highest ever increase in - Ease of Doing Business Rank”*

#### SOCIAL

- Focus on financial inclusion + eliminating corruption
- Key Initiatives: Demonetization, subsidies linkage to bank accounts

*“180 mio bank accounts opened since Jan. 2015” under govt. scheme*





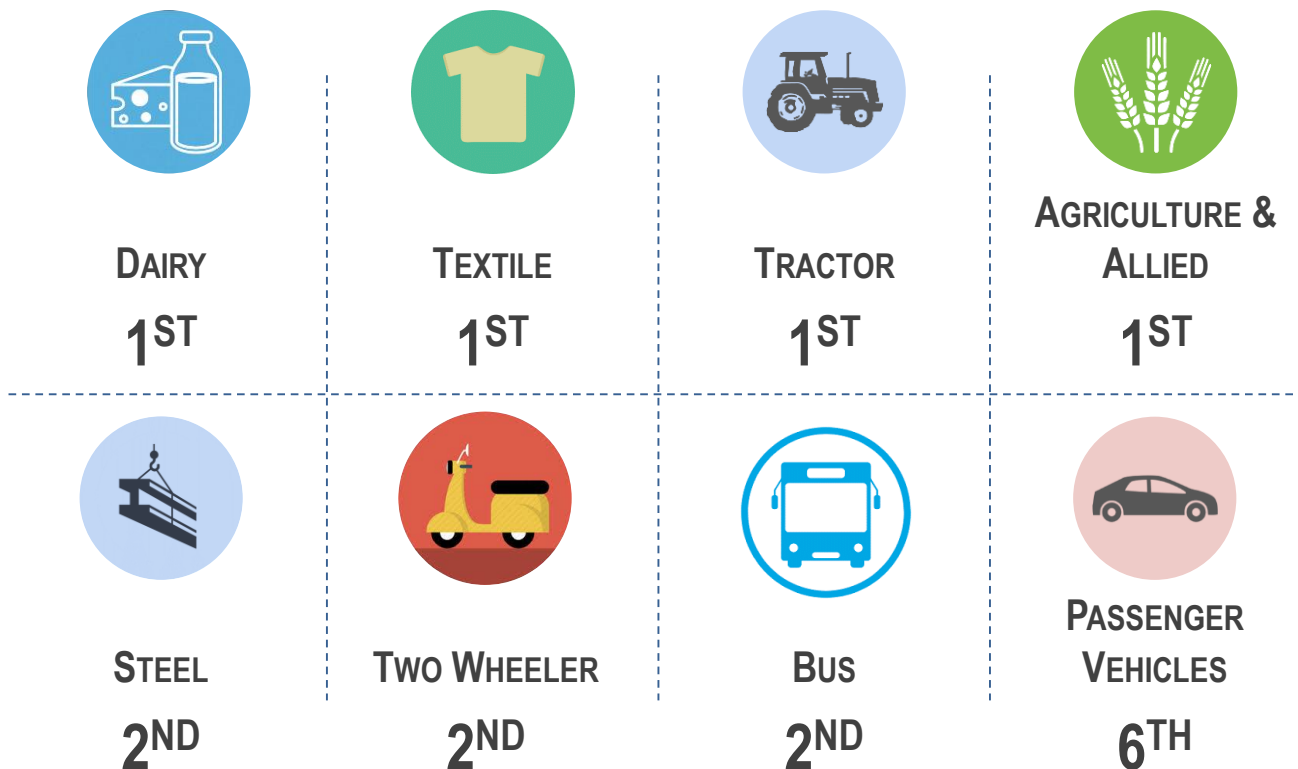
## INDIA MACRO ECONOMIC PERSPECTIVE

### IMPACT OF REFORMS AND POLICY INITIATIVES

#### GLOBAL INVESTOR'S CONFIDENCE ON A HIGH



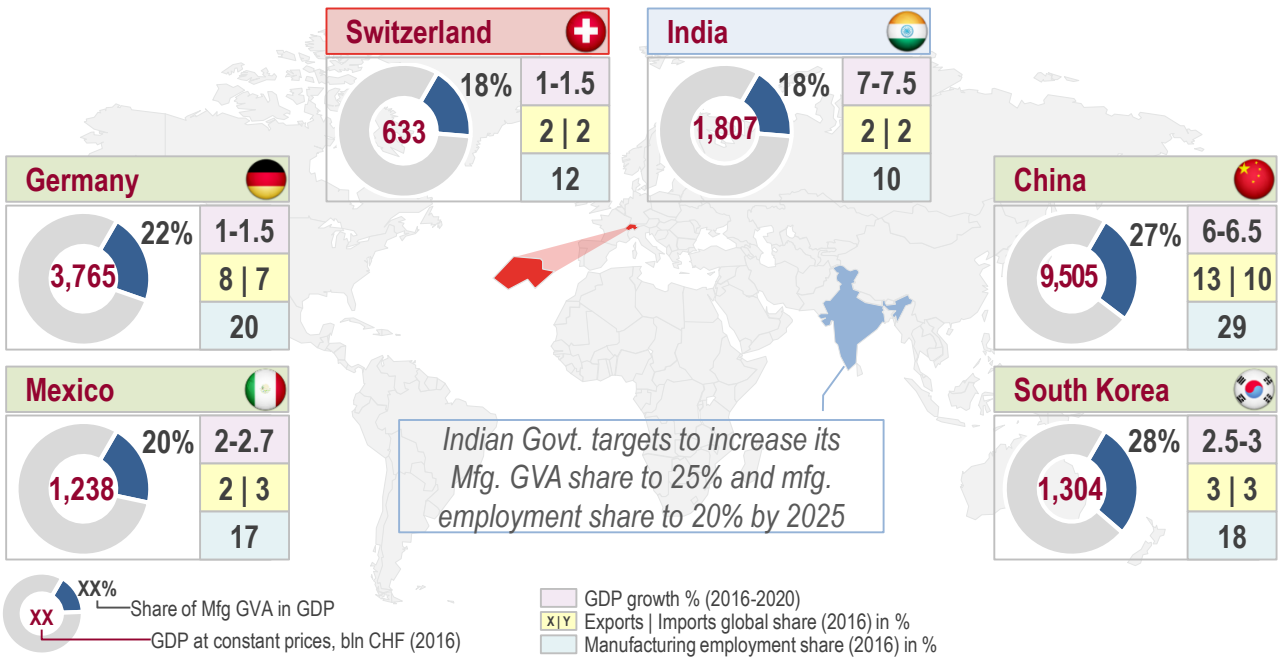
### LEADING GLOBAL PRODUCER IN KEY INDUSTRIES (INCL. AUTOMOTIVE)



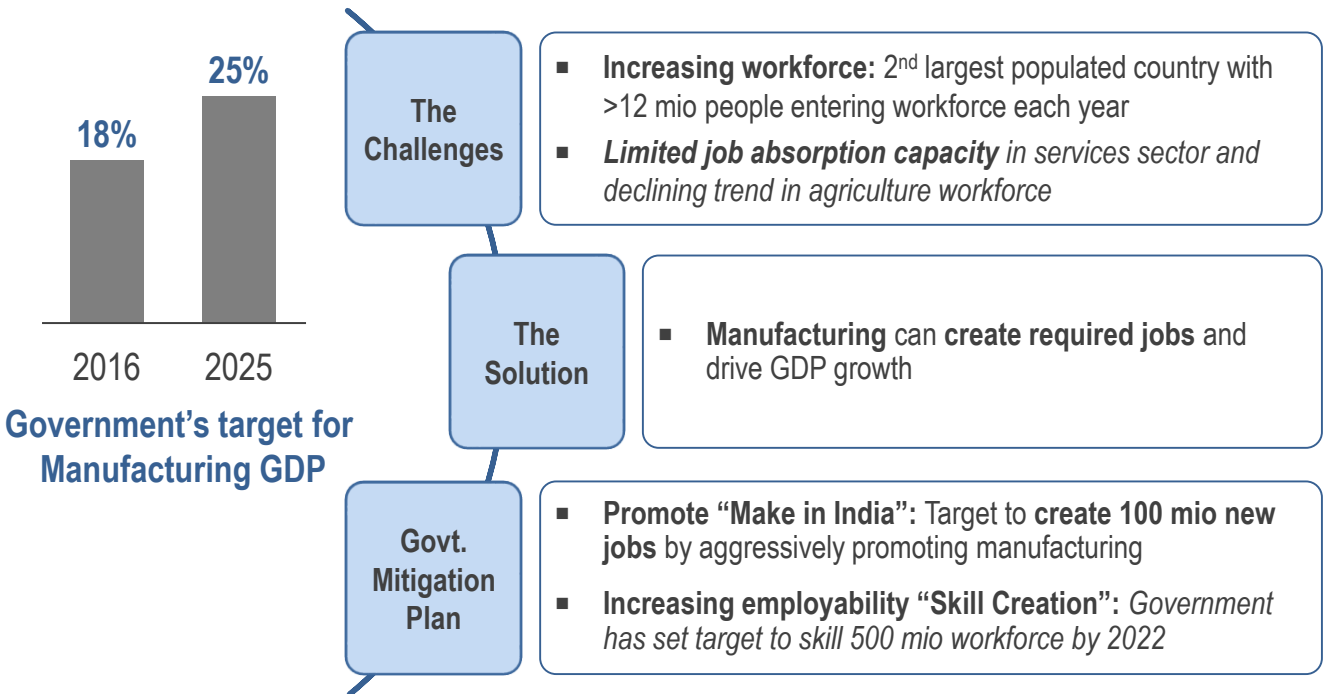


## INDIAN MANUFACTURING SECTOR PERSPECTIVE

### COMPARISON WITH GLOBAL PEERS



### WHY FOCUS ON MANUFACTURING?

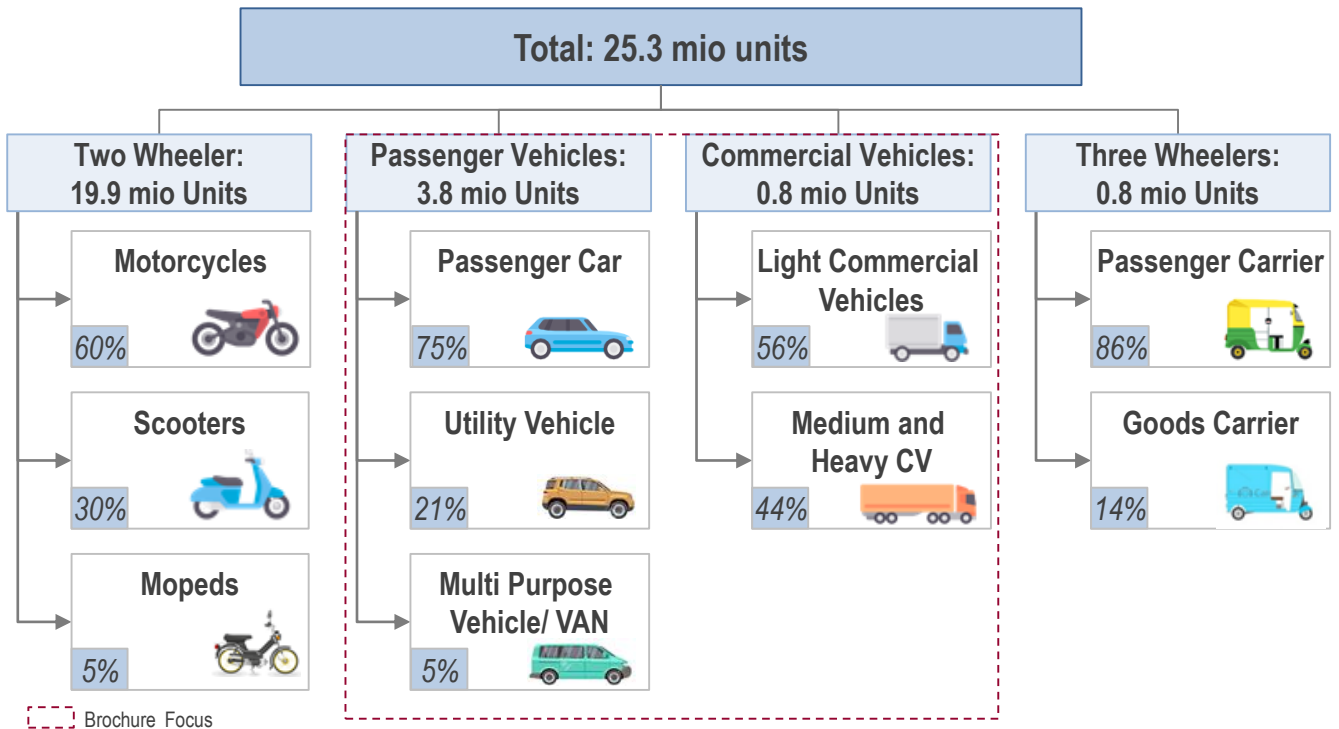


Source: World Bank, IMF, WTO, OECD, EAC research



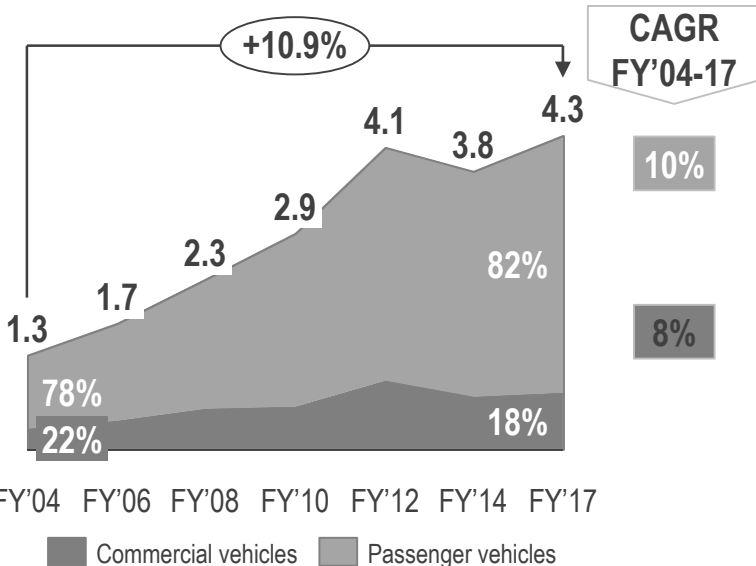
## OVERVIEW – INDIA AUTOMOTIVE INDUSTRY

### INDIAN AUTOMOTIVE PRODUCTION FY'17: SEGMENT SHARE



### PV+ CV Production FY'04-17 (mio units)

### Industry Highlights- FY'17



- Sector contributes to nearly 22% of the country's manufacturing GDP
- Gross turnover of auto OEMs is estimated at ~86 bln CHF<sup>1)</sup>
- Automotive sector has attracted FDI of 1.6 bln CHF in 2016-17 – 5<sup>th</sup> largest FDI recipient sector accounting for 5% of total FDI inflow

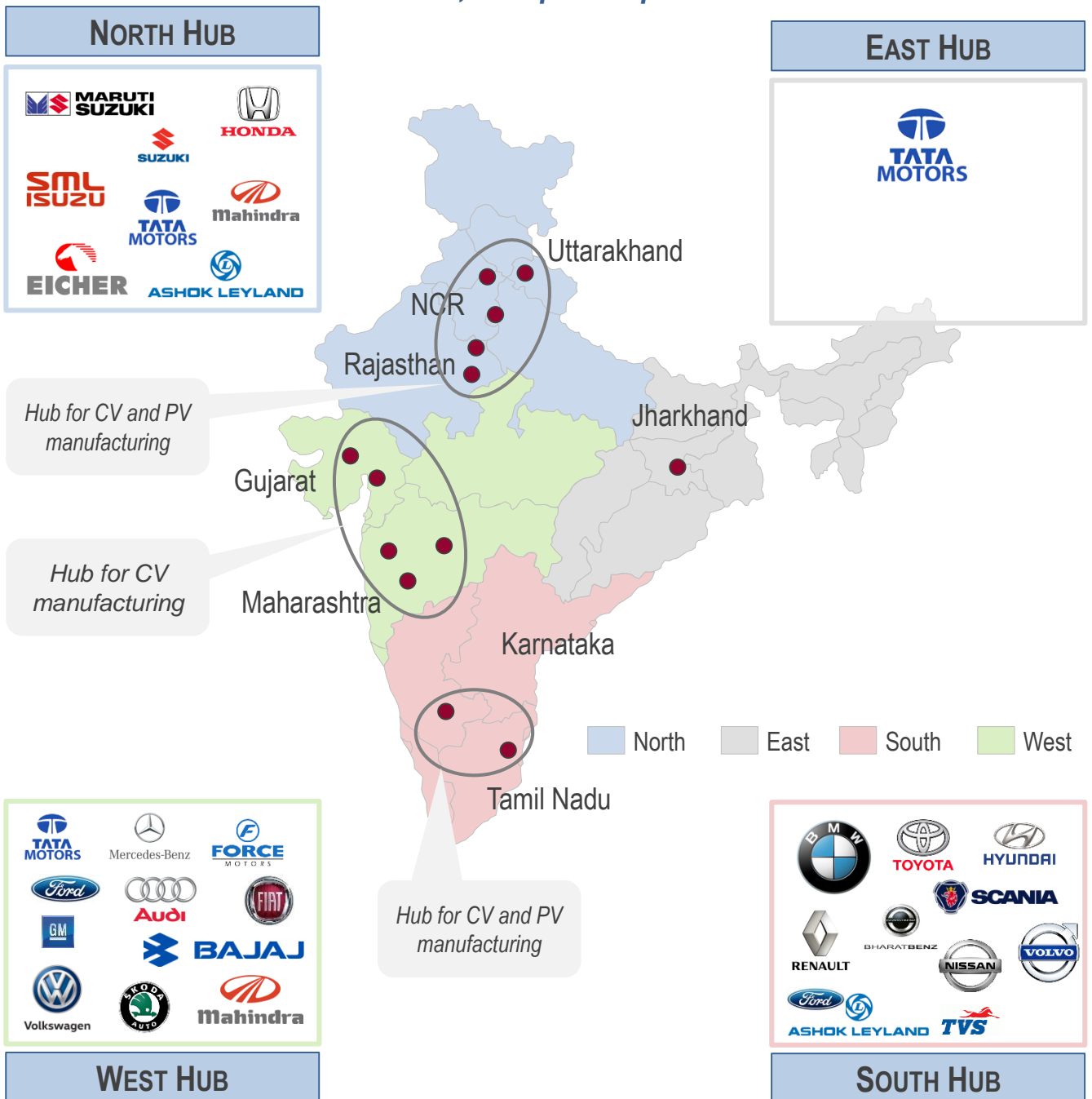
1) Includes CVs, PVs, 2/3 wheelers





## CLUSTERS – INDIA AUTOMOTIVE INDUSTRY

Most of the automotive production is largely concentrated around 3 hubs in India, north, west and south hub respectively; have presence of OEMs from USA, Europe & Japan



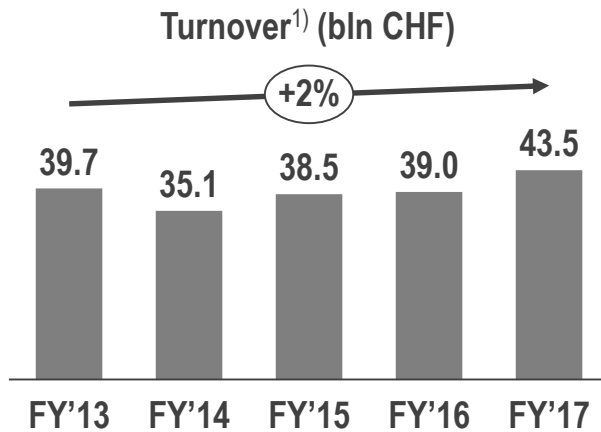
Source: EAC research





## OVERVIEW – INDIA AUTO COMPONENTS INDUSTRY

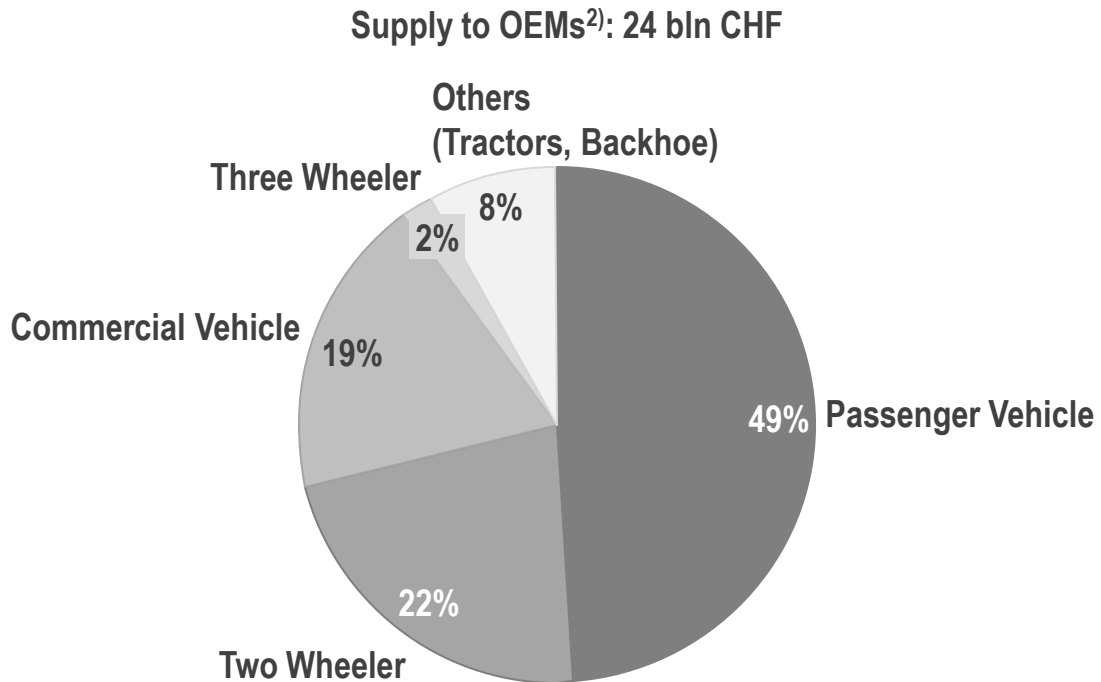
### AUTO COMPONENT INDUSTRY SIZE AND HIGHLIGHTS



- Sector contributes to nearly 2.3% of the country's manufacturing GDP
- Exports, FY'17: 11 bln CHF – i.e. 4% of India total exports
- Domestic aftermarket is estimated at 8.4 bln CHF in FY'17
- Provides direct employment to 1.5 mio people in India

1) Turnover includes supplies to OEMs, aftermarket sales and exports

### Auto Component Supply to OEMs: Segment Wise



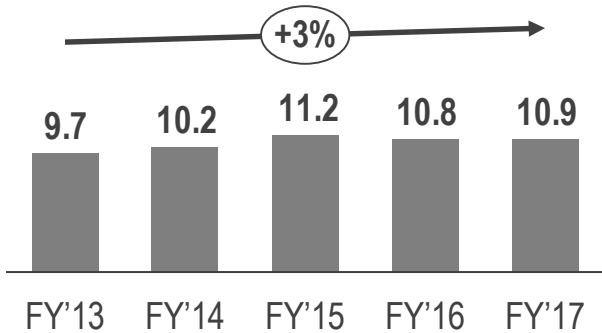
2) OEM Supply includes locally produced components and imports



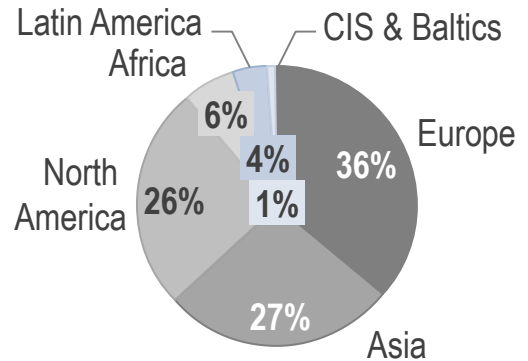
## TRADE – INDIA AUTO COMPONENTS INDUSTRY

### EXPORTS POTENTIAL: “MAKE OPPORTUNITY”

Export, 2013-17 (bIn CHF)



Export Destinations, FY'17 (%)

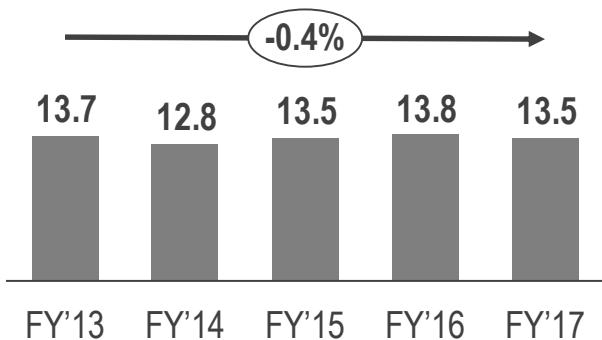


#### Key Highlights

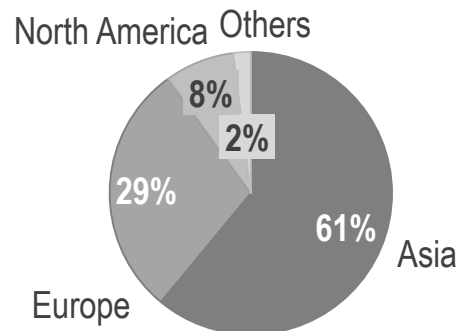
- **Export by top 5 countries:** USA (22%), Germany (7%), Turkey (6%), UK (5%), Italy (4.1%)
- **Key export products:** Power steering systems, gear boxes, parts of diesel engines, spark ignition and parts, suspension systems, crank shaft for engines, drive-axles, toothed wheels, brakes and servo-brakes

### IMPORT DEPENDENCY: “SELL/ MAKE OPPORTUNITY”

Import, 2013-17 (bIn CHF)



Import Origins, FY'17 (%)



#### Key Highlights

- **Import by top 5 countries:** China (26%), Germany (13%), Japan (12%), South Korea (11%), Thailand (7%)
- **Key import categories (>50% of total volume):** Engine, transmission, steering and suspension parts
- *Technical collaboration with local players, localisation of global players and anti dumping on select China products are some factors for reducing import trend*



## AUTO AND AUTO COMPONENT INDUSTRY: ADVANTAGE INDIA

*Attractive demographics, competitive advantage, export potential, strong government policies and emerging trends favour attractiveness of India's auto and auto component industry for MNC's*

### STRONG DEMAND GROWTH

- **Growing working population & expanding middle class** are expected to remain key demand drivers
- **Export potential:** India's auto and auto components exports have exhibited YoY growth in range of 4 to 7% in last 5 years and its emerging as global hub for sourcing

### POLICY SUPPORT & INITIATIVES

- **100% FDI allowed** under automatic route for auto and auto component sector
- The Automotive Mission Plan 2016-26 (AMP 2026) targets a fourfold growth in the automotive industry
- The government aims to develop India as a global manufacturing as well as R&D hub

### Attractive Sector- WHY?

### COMPETITIVE ADVANTAGES

- A cost-effective manufacturing base keeps **costs lower by 10 to 25% relative to operations in Europe & Latin America**
- **2<sup>nd</sup> largest steel producer globally** hence a cost advantage

### EMERGING TRENDS

- **Value per vehicle is increasing** (safety features such as ABS standard equipment, infotainment systems, premium upholstery etc.)
- Government **focus on eco-friendly vehicles – BSVI and e-mobility thrust**
- **Shifting trends towards automatic transmissions** in PV and CV due to high vehicle density in metros/ tier I



**MOMENTUM IN INDIA: SWISS SMEs PROGRAM (MISSP)  
BUSINESS FACILITATION SUPPORT PROGRAM**

Powered by



**Embassy of India**  
Bern, Switzerland  
Concurrently Accredited to the Principality  
of Liechtenstein and The Holy See

and

