

MISSP

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

**MISSP BROCHURE ON
INDIAN WATCH INDUSTRY**

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“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

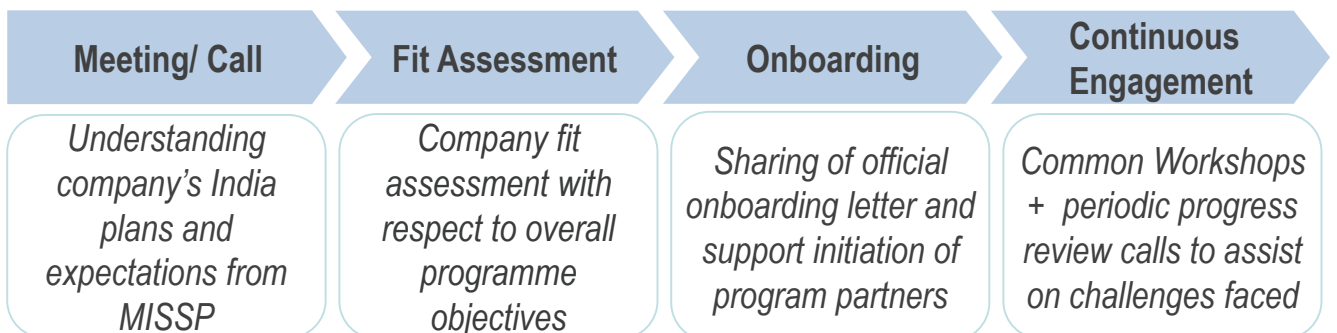


Setting up joint ventures in India



Company Incorporation

Programme – Member Engagement Process

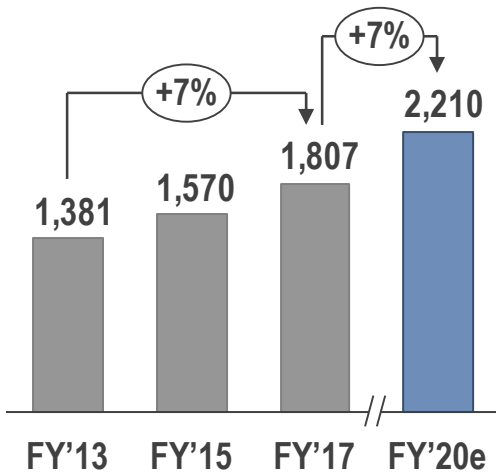




INDIA MACRO ECONOMIC PERSPECTIVE

GDP GROWTH AND OUTLOOK

India GDP (bln CHF)



- 3rd 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





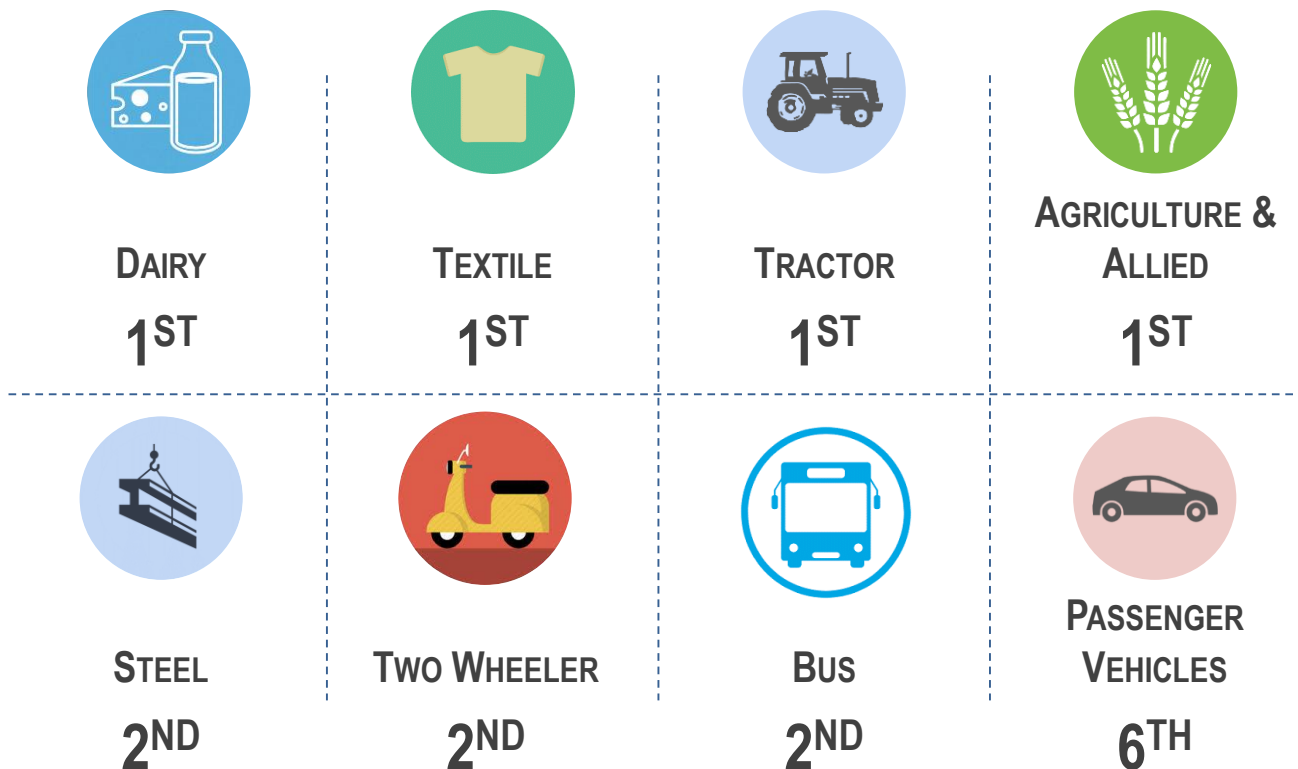
INDIA MACRO ECONOMIC PERSPECTIVE

IMPACT OF REFORMS AND POLICY INITIATIVES

GLOBAL INVESTOR'S CONFIDENCE ON A HIGH



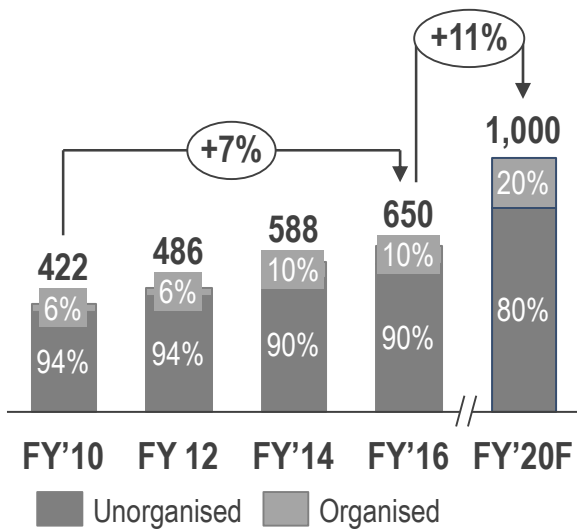
LEADING GLOBAL PRODUCER IN KEY INDUSTRIES (INCL. AUTOMOTIVE)



INTRODUCTION TO INDIAN RETAIL MARKET

INDIAN RETAIL MARKET

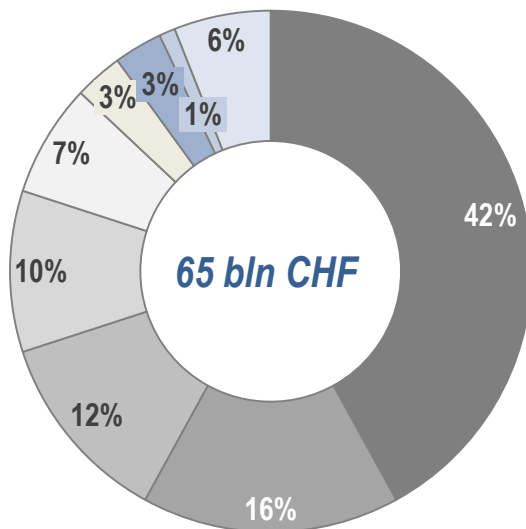
Consumer Durable Market (bln CHF)



Source: EAC research

- Retail industry **contributes >10% to the country's GDP** and around 8% of the employment
- India's **organised retail penetration is much lower** (United States has organised retail sector penetration of 85%)
- **Organised retail includes e-commerce and single/multi brand outlets**
- **Unorganized Retail refers to the traditional form of retail** often situated near residential areas

ORGANISED RETAIL SECTOR, 2016: SEGMENT WISE SHARE



- Food, Grocery & General Merchandise
- Clothes, Textile & Fashion Acc
- Durables & Mobiles
- Food Service
- Home Improvement
- Jewellery & Watches
- Footwear
- Books, Music, Toys & Gifts
- Others

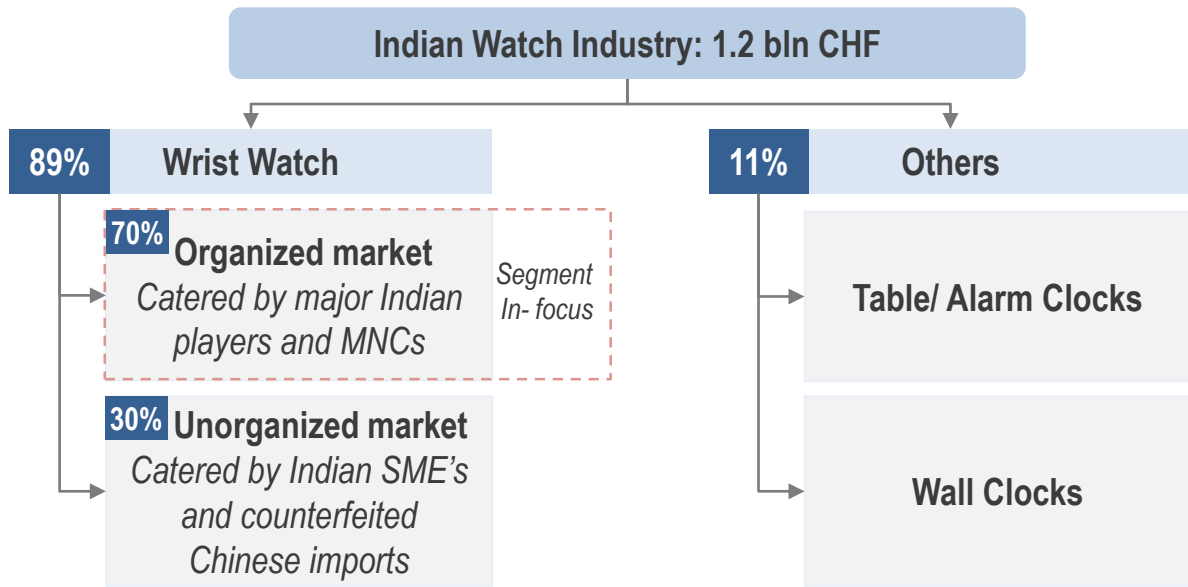
Organized watch industry is estimated at 0.7 bln CHF

- **Key growth drivers:** Increase in consumer class population, growing spread of plastic money & easy availability of credit leading, changing face of Indian consumerism – from necessities to luxury (Brand consciousness)

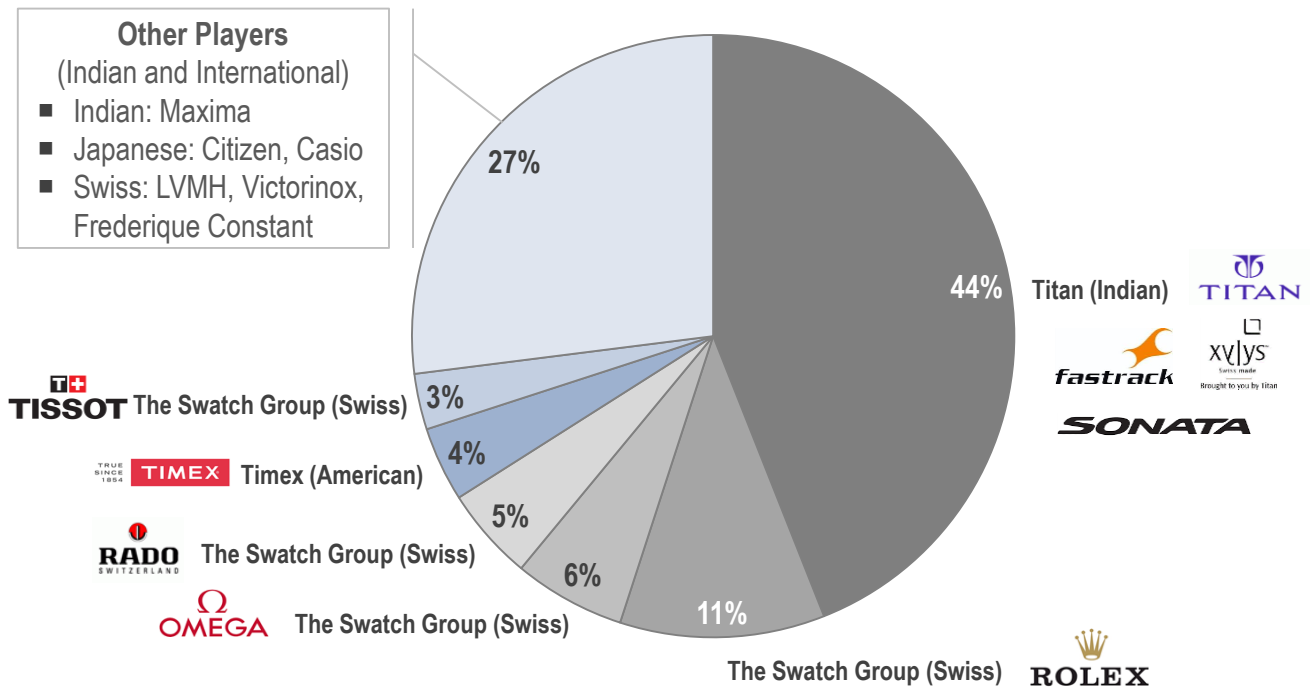


OVERVIEW – INDIA WRIST WATCH INDUSTRY

INDUSTRY OVERVIEW



Organized India Wrist Watch Industry: 686 mio CHF



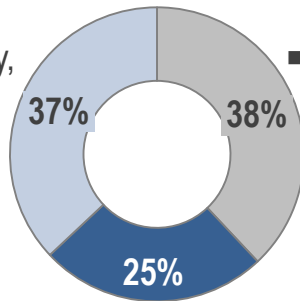
Average CAGR (2012-17) of wrist watch industry is 7-8%



SEGMENTS – INDIA WRIST WATCH INDUSTRY

MASS PRICE SEGMENT

- Consists of watches priced lower than 25 CHF
- Key purchase criteria: economy, durability, utility



MID PRICE SEGMENT

- Consists of watches priced between 25 CHF to 230 CHF
- Key purchase criteria: economy, durability, precision, fashion appeal

LUXURY PRICE SEGMENT

- Consists of watches priced above 230 CHF
- Key purchase criteria: aesthetic appeal, brand name, sophistication, technology
- Further sub-divided into:



LUXURY WATCH SEGMENT IS THE FASTEST GROWING SECTOR IN THE INDIA WATCH MARKET

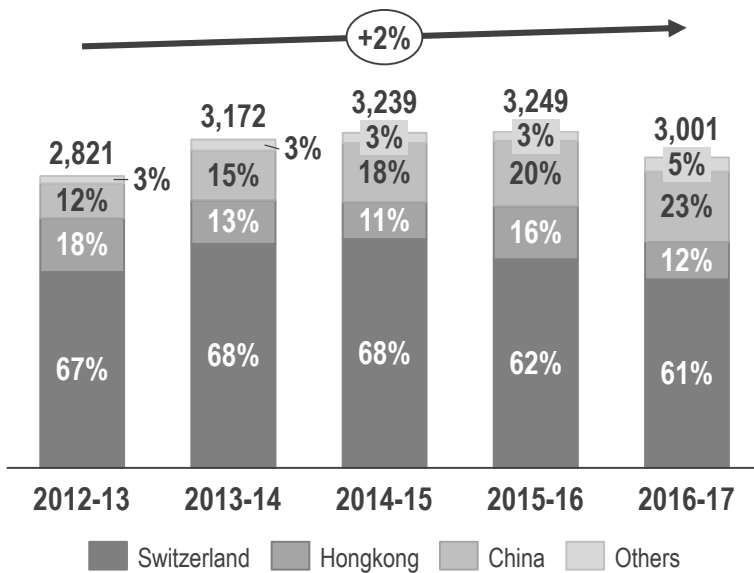




TRADE – INDIA WRIST WATCH INDUSTRY

IMPORTS

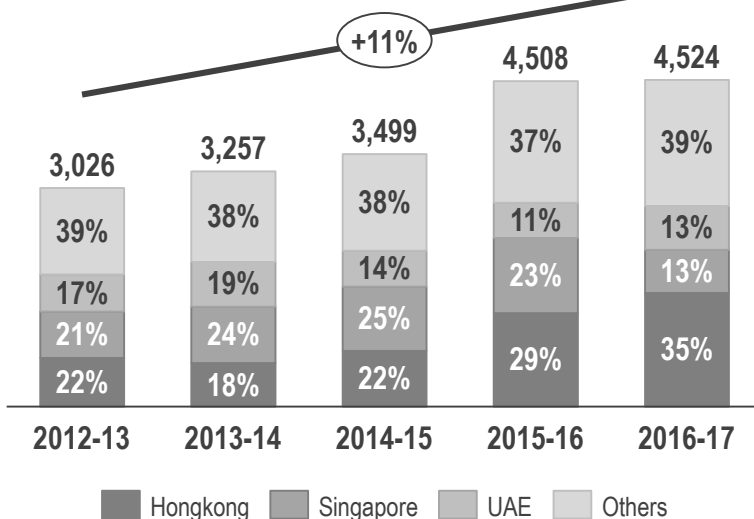
Value in mio CHF



- Growth 2012-2015: The elimination of import licensing restrictions and significant reduction of tariffs led to the availability of a large number of consumer goods in India including luxury brands for watches (2015)
- Decline 2015-2017: Economic downturns, currency devaluations, and the development of the smartwatch lead to two years of decline in Swiss imports (2017)
- India is at 26th position for the Swiss watch industry market

EXPORTS

Value in mio CHF



- Export of watches from India registered a growth despite severe challenges in the Middle East, which remained volatile and South East, which had economic and currency fluctuations
- Titan Company, the fifth largest integrated own brand watch manufacturer in the world, has 2264 points of sale in 32 countries



GROWTH DRIVERS AND TRENDS

GROWTH DRIVERS



Emergence of strong middle class



Increase in the number of High Net Worth Individual (HNWI)



Rise of Tier II and Tier III cities



Internet penetration and upcoming E-Commerce business



Growth potential as wrist watch penetration is under 35% in India



Ownership of multiple watches is lagging at less than 5%



Awareness about international brands due to increased international travels



Technological change and manufacturing process innovation

INDUSTRY TREND

- Brands making conscious efforts to enter and capture in the **unorganized markets**
- **Premiumization** trend continues to be seen in the Indian watch industry with larger growth rates in higher priced brands
- **Omni-channel distribution strategy** unlocking greater value both for domestic and international players
- **Constant product innovation** to fuel the growth of Indian watch industry
- **Fitness trackers and smart watches segment (wearable technology)**, though at a nascent stage in development currently, will continue to aid the growth of the watch industry

CONSUMER TREND

- The **trend of multiple watches** is taking more and more prevalence among customers
- Growing demand among **young customer**
- Placed as an accessory near to jewellery, the **women's watch segment** is particularly gaining focus
- The temporary disruption caused by **PAN card disclosure** as well as the short-lasting effect of **demonetization** seems to have died



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