



 **Business Climate Survey
India**

**Business Climate Survey
for Swedish companies in India
2026**

A report from Team Sweden in India

Table of Contents

Foreword	4
Executive summary	5
About the survey	6
Economic outlook.....	7
The market.....	15
How Swedish companies succeed in India.....	21
Acting sustainably	24
Contact us.....	28

Key contributors to this report

Business Sweden in India

Anjali Bhola, Ankit Tiwari & Mikael Kihlberg

Swedish Chamber of Commerce in India

Mohit Parashar & Sara Larsson

Embassy of Sweden in India

Erik Lindberg, Indrani Mohanta & Sanir Singh Rana

Consulate General of Sweden in Mumbai

Saloni Zaveri



213 respondents

(total +2,250 respondents for 41 markets)

Current business climate

73% has a positive view on the current business climate in India

Industry turnover

83%

of Swedish companies expect their industry turnover to increase

Future investments

61%

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

Globally valued success factors

1. Cost efficiency
2. Product development
3. Sales competence

Brand Sweden

88%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Suppliers
2. Service providers
3. Distributors

Local conditions with least satisfaction

1. Customs
2. Licenses, permits and approvals
3. Physical infrastructure

Environmental considerations

31%

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

Corruption

- Moderate to high risk in India, ranking 91st globally
- 16% of surveyed companies has been exposed to corruption

Human rights violation and labour rights abuse

- Moderate risk; challenges in supply chain and informal labour
- 3% of surveyed companies reports violations or abuse

Foreword

Welcome to the 2026 Business Climate Survey Report, a joint study by Team Sweden in India (Business Sweden, the Swedish Chambers of Commerce, the Embassy of Sweden and the Consulate General in Mumbai), examining how Swedish companies perceive and perform in the dynamic Indian market.

In an increasingly complex and uncertain global economic environment, understanding the business climate is more important than ever. Companies today operate in an environment shaped by geopolitical tensions, shifting trade dynamics, and evolving regulatory frameworks, all of which shape investment decisions and long-term strategy. The Business Climate Survey aims to provide a comprehensive overview of how Swedish companies perceive the business climate in India, contributing to a deeper understanding of the factors shaping business conditions in one of the world's most dynamic markets.

India continues to strengthen its position as a key growth market for Swedish companies, with approximately 300 Swedish firms active across a wide range of sectors. The recently agreed trade agreement between India and the European Union on 27 January 2026 marks a significant milestone. Once in force, it is expected to help double bilateral trade and investment between Sweden and India over the coming five years.

The results of this year's survey reflect a continued positive outlook among Swedish companies in India. A strong majority report profitability and express confidence in future growth, with a majority planning to increase investments in the coming year. This optimistic view is broadly shared across company sizes, sectors, and levels of maturity, indicating that India remains a strategically important market for Swedish businesses, while increasingly also serving as a base for production, innovation, and long-term operations.

We would like to extend our sincere appreciation to all participating companies for sharing their valuable insights and experiences. Your contributions are essential to the quality and relevance of this report and help foster a better understanding of the evolving business environment in India. We hope that the findings of this survey will serve as a useful resource for companies, policymakers, and stakeholders, and support continued dialogue and collaboration between Sweden and India in the year ahead.



Jan Thesleff
Ambassador of Sweden to
India



Sofia Högman
Trade & Invest
Commissioner
of Sweden to India



Sara Larsson
Head of the Swedish
Chamber of Commerce in
India

Executive summary

India remains the world's fastest-growing major economy and stands out as a resilient growth market. While geopolitical tensions, trade fragmentation, and heightened policy uncertainty have shaped the global outlook, Swedish companies continue to express strong confidence in the Indian market. India's large and expanding consumer base, industrialisation, digital transformation, and infrastructure investments continue to strengthen the country's attractiveness as a strategic market for Swedish companies.

India's accelerated efforts to diversify its global trade partnerships – most notably through the recently concluded free trade agreement negotiations with the European Union – are further strengthening the country's attractiveness as a strategic hub for production, innovation, and integration into global value chains. Once implemented, the agreement is expected to improve market access, reduce tariffs and non-tariff barriers, improve regulatory predictability, and strengthen long-term conditions for bilateral trade and investment.

Swedish companies in India continued to perform well in 2025 and maintain a highly positive outlook. Sixty-eight per cent of surveyed companies report profitability, particularly strong among large and mature companies, suggesting that experience and long-term presence in the Indian market remain important success factors. Eighty-three per cent expect increased turnover and 61 per cent plan to increase investments in India over the next twelve months. Optimism is particularly strong within the consumer sector, reflecting expectations of continued growth in domestic consumption and the expanding middle-income segment.

India also continues to attract new Swedish entrants, with nearly one-fifth of surveyed companies having entered the market since 2020. While sales operations remain the most common business activity, Swedish companies are increasingly broadening their operational footprint in India to areas such as after-sales services, R&D, and service provision, indicating that India is increasingly being integrated into Swedish companies' wider value chains and operations.

However, India remains a complex market to navigate. Swedish companies continue to face several operational and regulatory challenges. India's use of certification requirements such as Quality Control Orders (QCOs) continues to create operational complexity, extended lead times, and increased compliance costs for companies. Companies with longer operational experience in India generally perceive the business climate more positively than newer entrants, underlining the importance of local market understanding, long-term commitment, and region-specific operational strategies.

Overall, the 2026 Business Climate Survey confirms that Swedish companies continue to view India as a strategically important growth market despite an increasingly uncertain global environment. While regulatory complexity and trade barriers remain significant considerations, the long-term outlook for Swedish business engagement in India remains strongly positive.

“ India remains a priority growth market for IKEA, driven by a large young population, a fast-growing economy, increasing urbanisation and rising disposable incomes. Following the opening of our seventh store in Pune in March 2026, with two more planned over the next six months, we see strong long-term potential and expect to continue expanding physically and digitally as our presence in the market grows.

Patrik Antoni
CEO, IKEA India

About the survey

Survey framework and participating Swedish companies

The Business Climate Survey is a well-established tool used by Team Sweden to gain insights into the existing business climate, identify growth opportunities, and highlight challenges being faced by Swedish companies while doing business across the world.

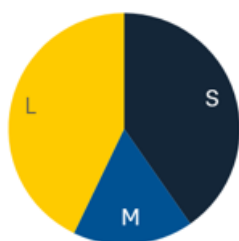
Team Sweden in India carried out this survey in February-March 2026 to track how Swedish companies operating in India perceive the business environment, economic situation, and market development opportunities in the country. Collectively, Team Sweden reached out to 263 companies about participating in the survey, and 213 companies responded, resulting in a response rate of 81 per cent (an increase of 3 percentage points compared with last year). 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 financial performance of Swedish companies in India, including their outlook and investment plans for the coming year. The following section reflects companies' views of the Indian market and the current business environment. The third section covers perceived success factors in the market, and the final section explores governance, social and environmental aspects.

In terms of business areas, the majority of the respondents are industrial companies with a 56 per cent share, followed by professional services companies at 36 per cent share and consumer companies at 8 per cent. Forty-three per cent of the respondent companies are considered large with a global turnover exceeding USD 50 million and/or 1,000+ global employees, 17 per cent of the companies are medium-sized with a global turnover of between USD 11-50 million and/or employees numbering between 250-1,000. The remaining 40 per cent are categorised as small companies.

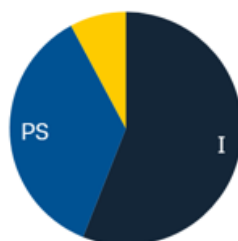
Recent entrants, i.e. companies established in India after 2020, constitute 15 per cent of respondents. Companies established between 2005 and 2020 account for 62 per cent, while 23 per cent were established before 2004, reflecting a significant share of companies with long-term experience and deep-market understanding in India.

Size of companies



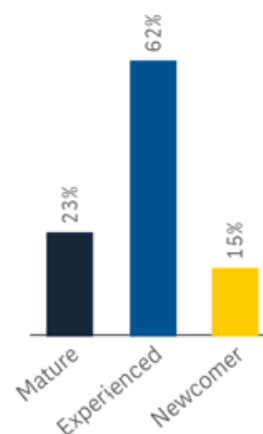
NOTE: Global employees. Large >1000: 43%. Medium 250-1000: 17%. Small 0-249: 40%.

Main industry



NOTE: Industrial 56%. Professional services 36%. Consumer 8%.

Age of companies



NOTE: Mature (-2004). Experienced (2005-2020). Newcomer (2021-).

Economic outlook

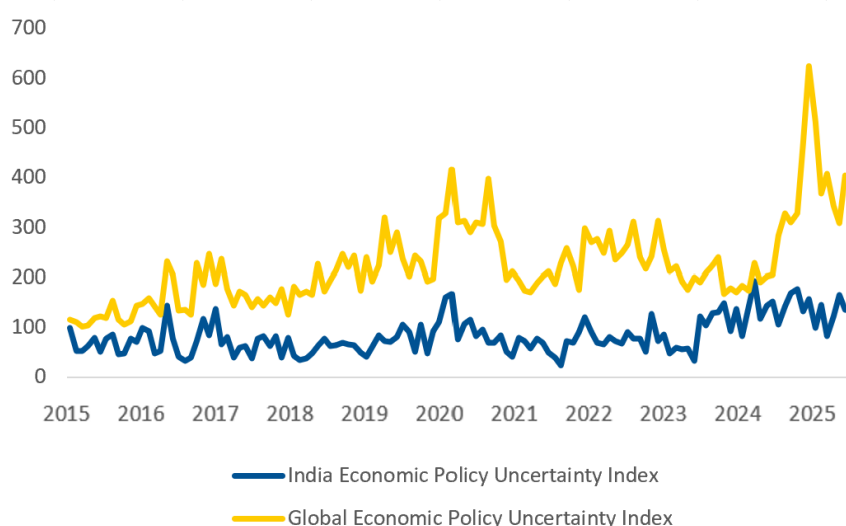
Amid geopolitical uncertainty, India is accelerating efforts to deepen trade partnerships and diversify market access

India's external environment has been characterised by elevated geopolitical and trade-related uncertainty since the last survey. Global trade dynamics have remained volatile, and expectations of a more predictable trajectory in some key bilateral relationships – most notably with the U.S. – did not materialise in 2025. Instead, trade tensions intensified following the announcement of U.S. “reciprocal tariffs”, including a country-specific tariff rate of 26 per cent.¹ Trade relations deteriorated further in late August, when the U.S. introduced an additional punitive tariff of 25 per cent due to India's purchases of Russian oil.

Regional security developments have further contributed to heightened uncertainty during the year. Following tensions with Pakistan in May 2025, the 2026 conflict involving Iran has renewed instability and increased pressure on India's energy security as well as regional trade and travel routes. The conflict also has implications for the approximately 10 million-strong Indian diaspora in the Gulf region, whose remittances account for around one per cent of India's GDP. The Reserve Bank of India warned in late April that the Middle East conflict, rising energy prices, increased transport costs, and uncertainty surrounding trade flows through the Strait of Hormuz may trigger supply shocks leading to slower growth and higher inflation.

While the volatile geopolitical situation has placed significant pressure on the Indian economy, India's relative policy stability may have worked as a partial buffer against global uncertainty. This is illustrated by comparing India with the Global Economic Policy Uncertainty Index, which experienced far greater volatility, surging to its highest recorded level in early 2025 following the announcement of U.S. tariffs on 2 April.

Global and Indian Economic Policy Uncertainty Indices, 2015–2025



SOURCE: Economic Policy Uncertainty Index 2026

¹ However, subsequent legal challenges and US court rulings led to parts of the tariff framework being revised and replaced by a broader 10 per cent global tariff structure.

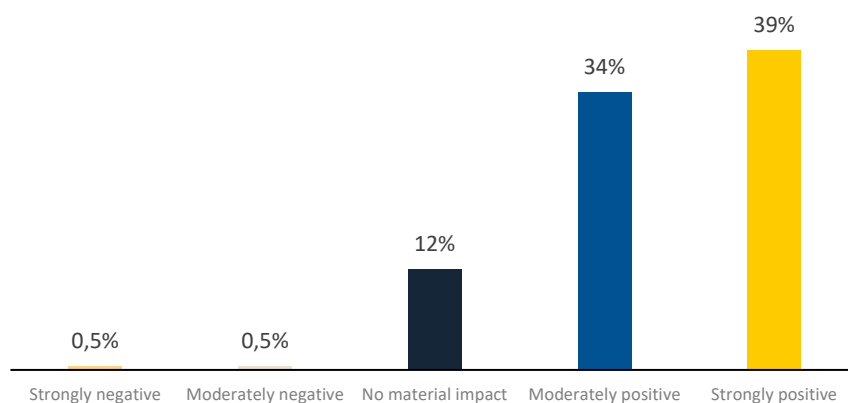
In parallel, India has accelerated its efforts to diversify global trade partnerships, with five trade agreements signed or entering into force over the past year. A key milestone was reached on 27 January 2026, when India and the EU announced the conclusion of free trade agreement negotiations, alongside the adoption of a Joint Strategic Agenda towards 2030. Once in force, which is expected in early 2027, it will cover close to two billion people and around a quarter of global GDP, becoming one of the world's largest free trade areas, the EU's largest trade agreement and India's most ambitious trade agreement with a major partner.

The EU-India FTA will result in significant tariff liberalisation, with more than 96 per cent of tariff lines of EU exports to India and 99 per cent of Indian exports to the EU expected to benefit from reduced or eliminated duties, corresponding to annual savings estimated at around EUR 4 billion for EU exporters. In addition, the agreement addresses a range of non-tariff barriers through provisions aimed at simplifying customs procedures, improving regulatory transparency, reducing technical barriers to trade, and strengthening intellectual property protection. These elements are expected to contribute to more predictable trading conditions.

The strategic partnership between India and Sweden, announced during Prime Minister Modi's visit to Gothenburg in May 2026, reflects India's growing importance in Europe's economic and geopolitical landscape. Linked to the negotiated EU-India FTA, the partnership includes a shared ambition to double bilateral trade and investment within five years, and reflects growing momentum for deeper cooperation in areas such as innovation, green transition, advanced technologies and resilient supply chains.

A clear majority of surveyed companies (73 per cent) expect the EU-India FTA to have a positive impact on their business in India within two years of entry into force, with 39 per cent anticipating a strongly positive effect and 34 per cent a moderately positive one. Only a negligible share foresees any negative impact. This broad-based optimism underscores the perceived commercial relevance of the agreement, even in a market that is already considered attractive. At the same time, the FTA is likely to intensify competition, as improved market access will benefit all EU-based firms, not only Swedish companies. As a result, competitiveness within the EU segment of the Indian market will become increasingly important. This highlights the need for companies to proactively assess how the agreement affects their value chains, market positioning, and compliance requirements to fully capture the potential benefits.

How do you expect the EU-India FTA to affect your company's business in India within 2 years from entering into force?



NOTE: The number of respondents for this question was 213. "Don't know/Not applicable" responses are included but not shown in figure.

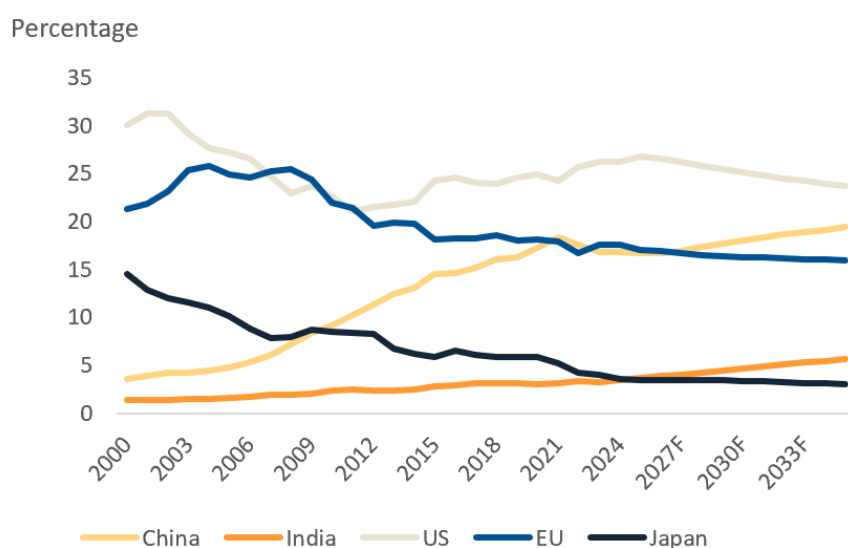
SOURCE: Business Climate Survey for Swedish Companies in India 2026

India remains a bright spot amid global economic uncertainty

Despite a challenging external environment in 2025, the Indian economy demonstrated notable resilience. Growth remained robust during 2025, with GDP expanding by an average 7.8 per cent, placing India among the fastest-growing economies globally and outperforming countries in the Asia-Pacific (APAC) region as well as all major economies globally. This performance has been supported by strong public sector investments, and robust delivery by the services, finance, defence, and manufacturing sectors.

India is steadily moving into the top tier of global economic importance, with its role in the world economy expanding both in absolute size and in its contribution to global growth. While India is currently the world's fifth-largest economy, it is projected to surpass Japan and Germany, becoming the third-largest economy by 2030, supported by sustained annual growth in the range of 6-7 per cent. This trajectory is also reflected in its rising contribution to global growth. According to Oxford Economics, India (8.6 per cent) together with China (27.5 per cent) and the United States (21.7 per cent) are projected to generate close to 60 per cent of total world economic growth between 2024 and 2029, reinforcing India's emergence as a key driver of the global economy and an increasingly important hub for international businesses.

Projected share of GDP in the top five largest economies (share of global GDP %)



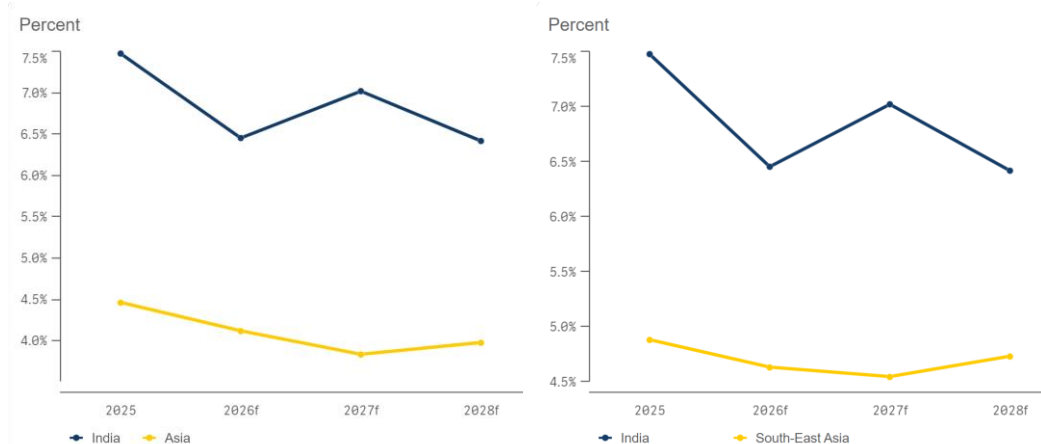
SOURCE: Oxford Economics, World Bank 2024

India's strong economic performance in recent years has been underpinned by a combination of structural and policy-driven factors. GDP growth reached 7.8 per cent in the second quarter of 2025, exceeding expectations and reaffirming India as the fastest-growing major economy globally. At the same time, the composition of growth warrants closer attention. Public expenditure – particularly in infrastructure and defence – has been the single largest contributor, indicating that current momentum remains significantly government-led. This raises important questions regarding the breadth and long-term sustainability of growth, particularly in the absence of a stronger private investment cycle. Looking ahead, the lagged effects of recent trade obstacles are expected to moderate growth in the latter part of the year.

Against this backdrop, five structural forces stand out as central to India's medium- to long-term growth trajectory.

- **Favourable demographics** remain a foundational advantage. India has one of the youngest and fastest-growing populations globally, with approximately one billion people expected to be of working age by 2030 – equivalent to around one-fifth of the global labour force. India produces approximately one-third of the world's STEM graduates, making it the second-largest source of such talent globally after China. This creates a large workforce alongside a rapidly growing consumer base.
- **Rapid infrastructure expansion and modernisation** is another key growth catalyst as the government has undertaken large-scale investments aimed at improving connectivity and reducing logistics costs across the country. Road construction continues at a rapid pace, while multimodal transport initiatives are integrating road, rail, air, and maritime networks. The number of airports has nearly doubled over the past decade, and metro systems are being developed across most major urban centres. These efforts are not only facilitating domestic economic integration but also strengthening India's position in global value chains by improving efficiency and reliability.
- **Tech-driven transformation** is a key growth driver in India. Building on one of the world's most extensive digital public infrastructures – including near-universal digital ID (Aadhaar) and widespread digital payments (UPI) – India combines scale, data availability, and cost-efficient innovation in a way few markets can match. With over 700 million internet users, a fast-growing pool of skilled professionals, and significant investments in cloud and data infrastructure, digital technologies are enabling productivity gains, new business models, and faster time-to-market.
- **The green growth and sustainability transition** is evolving into a broader industrial transformation agenda with significant implications for long-term competitiveness, investment, and supply-chain positioning. While coal will continue to play a transitional role in supporting near-term energy demand, rapid expansion in renewable energy, energy storage, electrification, and green hydrogen is expected to reshape the country's energy and industrial landscape over the coming decade. The shift toward non-fossil energy sources is strengthening energy security, reducing exposure to global fuel volatility, and supporting greater long-term cost resilience. At the same time, policy support for domestic clean-tech manufacturing and sustainable infrastructure is creating new opportunities for companies positioned in advanced technologies, industrial decarbonization, and resilient value chains.
- **Value-added manufacturing** is increasingly positioned as a critical pillar of India's medium- to long-term growth, even though its share of GDP remains below aspiration. Policy initiatives such as Make in India and production-linked incentive (PLI) schemes are shifting the focus from import substitution to scale, competitiveness, and global value-chain integration – particularly in electronics, automotive, pharmaceuticals, clean-energy equipment, and advanced components. This industrial push is aimed not only at raising output and exports but also at generating job-rich growth and improving productivity, thereby addressing structural employment and competitiveness challenges that services-led growth alone cannot solve.

Projected GDP growth in India, Asia and Southeast Asia



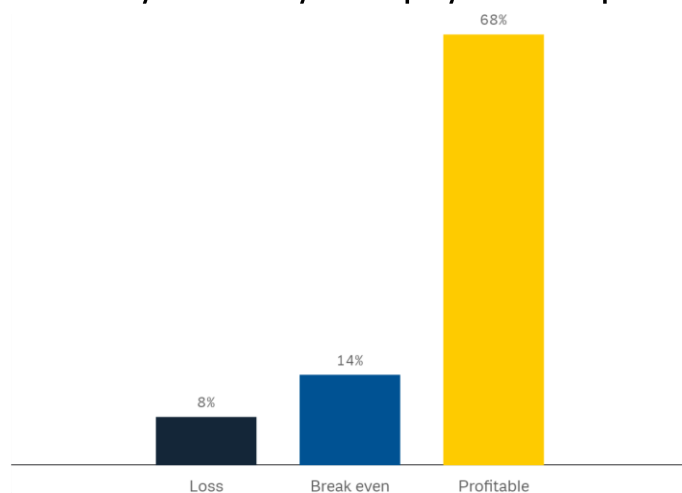
NOTE: GDP, constant prices and exchange rate, US\$.
SOURCE: Oxford Economics 20 March 2026

High profitability and strong growth expectations underline confidence in India

Sixty-eight per cent of surveyed companies report profitability, 14 per cent operate at break-even and 8 per cent report a loss. Profitability correlates positively with company maturity and size. Seventy-eight per cent of large, 67 per cent of medium-sized, and 58 per cent of small companies report profits. Eighty-five per cent of “mature”, 70 per cent of “experienced”, and only 37 per cent of “newcomers” report profits.

From a sector perspective, 77 per cent of industrial companies report profitability, compared to 54 per cent in the consumer sector, while 23 per cent report losses. Despite lower current profitability, companies in the consumer sector express the strongest positive outlook, with 92 per cent expecting increased turnover and 83 per cent planning to expand investments in the coming year. This suggests that, while profitability may be more limited in the short term, companies in the consumer segment are positioning for long-term growth in the Indian market.

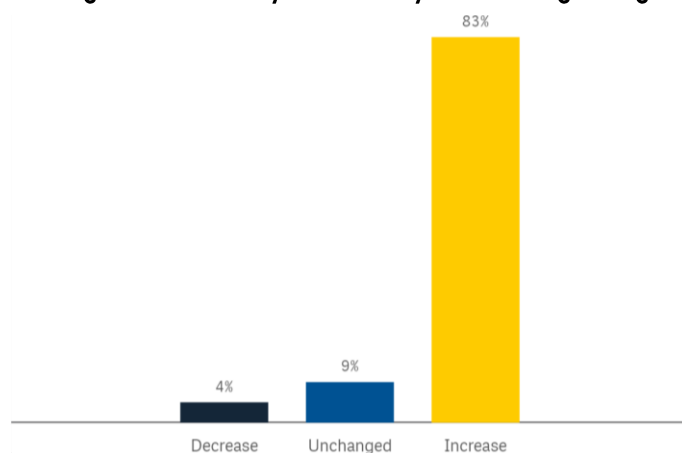
How would you describe your company's financial performance in India in 2025?



NOTE: The number of respondents for this question was 211. “Don't know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in India 2025

The positive macroeconomic outlook in India is reflected in expectations for turnover growth. Eighty-three per cent expect increased turnover, and only 4 per cent foresee a decline. This optimism is broadly shared across companies of all sizes, industries, and length of market presence in India and is slightly improved compared with the previous two years' findings. The findings point to consistent and strong business sentiment among Swedish companies towards India as a key growth market 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: The number of respondents for this question was 211. "Don't know/Not applicable" responses are included but not shown in figure.

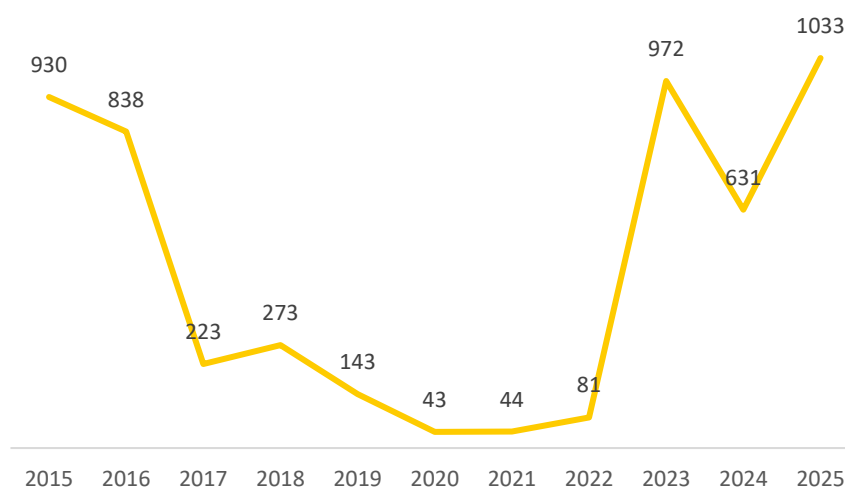
SOURCE: Business Climate Survey for Swedish Companies in India 2026

Investment outlook

Global foreign direct investment (FDI) flows rebounded in 2025 after three consecutive years of decline, increasing by 14 per cent, with the majority of the growth concentrated in developed economies. India continued to be a major FDI destination in 2025, with inflows reaching USD 47 billion. According to UNCTAD's World Investment Report 2025, India ranked as the world's 15th-largest recipient of FDI in 2024 and the fourth-largest recipient of greenfield investment projects, with Singapore, the United States, the Netherlands, and Japan ranking among the largest source countries.

According to fDi Markets by the Financial Times, Swedish investments into India reached record levels in 2025, exceeding USD 1 billion across 20 announced projects. Sweden ranked as the 21st largest foreign investor in India and the eighth-largest among EU member states. This made India the largest market in the Asia-Pacific region in terms of the number of Swedish investment projects and the second largest in terms of invested capital. Since 2020, Swedish companies have invested a cumulative USD 2.8 billion in India, contributing to the creation of more than 21,000 direct jobs in the country (fDi Markets).

Year-wise FDI inflows from Sweden to India (USD million)



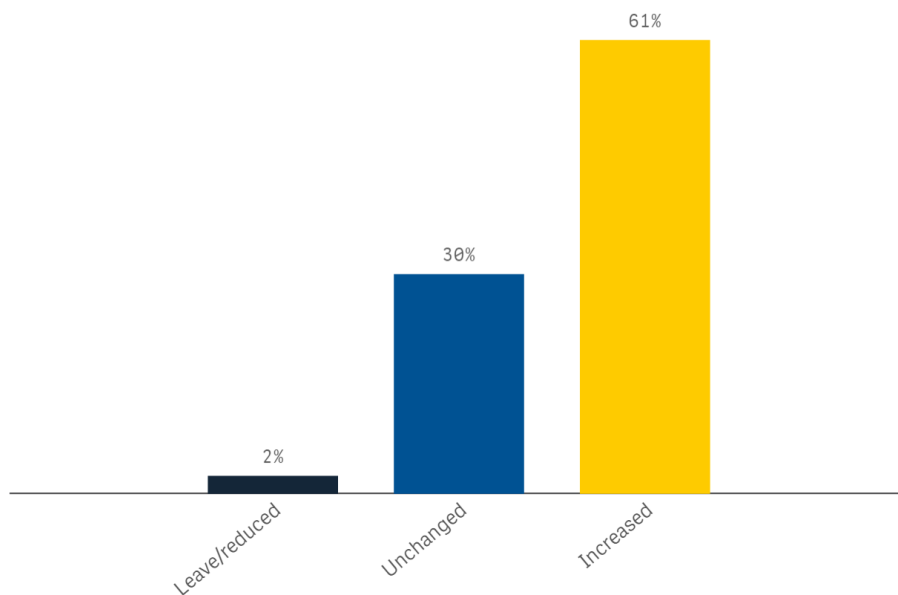
NOTE: All values in USD million.
SOURCE: fDi Markets, Financial Times 2026

Sixty-one per cent of surveyed Swedish companies plan to increase their investments in India in the coming year, while 30 per cent foresee no change and only 2 per cent anticipate a decrease compared with the previous year. Investment intentions are particularly strong in the consumer sector, where 83 per cent of companies plan to expand their investments. This trend is likely supported by favourable structural factors, including rising incomes and a growing middle class. As a substantial share of India's population is expected to transition into the middle-income segment over the coming decade, the country's consumption growth is expected to continue increasing. While newcomer companies report slightly higher investment intentions, the overall level remains consistently strong – at around 60 per cent – across companies of different sizes, industries, and levels of market maturity.

Some of the recent investments and investment plans of Swedish companies in India are detailed below:

- **Alleima** expanded its manufacturing capabilities in India by initiating local production of two high-performance stainless-steel grades for the urea and CPC segments. In addition, the company's division Kanthal inaugurated a new wire manufacturing facility in Hosur aimed at optimising global production capacity and reducing lead times across Asia.
- **Bulten** signed a Memorandum of Understanding (MoU) with the Government of Tamil Nadu to establish a new fastener manufacturing facility in Oragadam, Chennai. The facility will manufacture a full range of micro-fasteners for both domestic supply and exports, primarily targeting the European and U.S. markets.
- **Epiroc** significantly expanded its operations in India in 2025 through major investments in Hyderabad, Nashik, and Bengaluru. The company expanded its rock drilling tools manufacturing facility and launched a satellite innovation centre in Hyderabad, strengthened its R&D hub in Bengaluru, and established a new production and R&D facility in Nashik.
- **Ericsson** established passive antenna production in India in 2025 for both the domestic market and global exports. The company also strengthened its design and R&D footprint through its ASIC development facility in Bengaluru, further reinforcing its commitment to India as a strategic hub for innovation and delivery.
- **H&M** celebrated 10 years in India in 2025. In March 2026, the company opened a new store in Rajasthan, bringing its total store count in the country to 70 and further expanding its presence in India through both its growing retail network and its online platform.
- **Ikea** opened its seventh store in India, located in Pune, in March 2026 and plans to open two additional stores over the coming six months. The company continues to see strong long-term potential in the market and expects to further expand both its physical and digital presence in India in the years ahead.
- **Promoteq** is investing approximately USD 55 million to establish its first Indian Unmanned Aerial Vehicle (UAV) manufacturing facility in Lucknow, Uttar Pradesh, strategically located within the Uttar Pradesh Defence Industrial Corridor.
- **Rosti** established a state-of-the-art injection moulding and contract manufacturing facility in Chennai to support both Indian and international companies in their localisation efforts and strengthen access to high-quality precision moulded components manufactured in India.
- **Sandvik** is expanding its existing Pune site to strengthen localised engineering and production capabilities, transforming the Pune Intelligent Manufacturing facility into a broader innovation hub focused on accelerating R&D in AI and industrial digitalisation technologies.

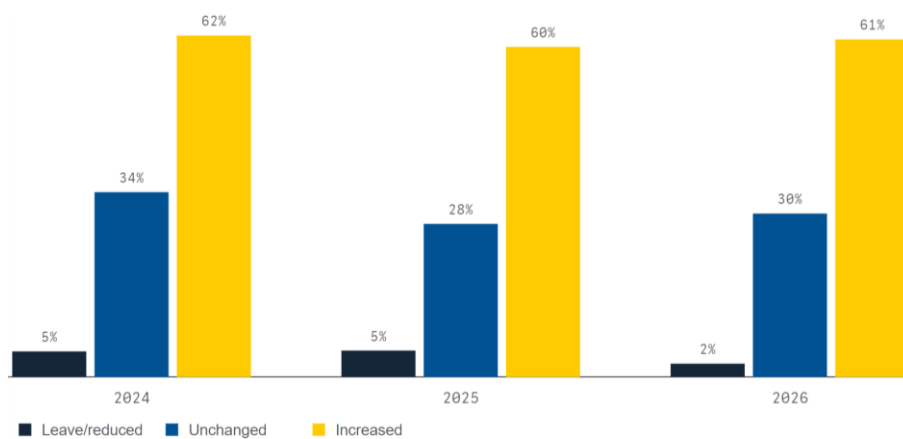
What are your company's investment plans for the coming 12 months in India, compared to the past 12 months?



NOTE: The number of respondents for this question was 206. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

A year-over-year comparison reveals a continued trend of strong investment intentions among Swedish companies, reflecting sustained confidence in and commitment to the Indian market.



SOURCE: Business Climate Survey for Swedish Companies in India 2026

The market

India attracts continued Swedish investment across sectors

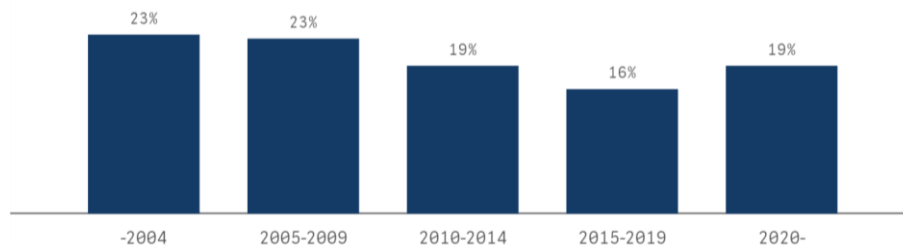
As the world’s fastest-growing major economy and an increasingly important trading partner for Sweden in Asia, India continues to strengthen its position as a strategic market for Swedish companies. India’s large and growing consumer market, ongoing industrialisation, expanding digital economy, and large-scale infrastructure investments continue to support its attractiveness for Swedish businesses across sectors. In fact, the Swedish National Board of Trade reported that in 2025 the bilateral trade in goods and services between Sweden and India reached approximately USD 8.4 billion in 2025, which more than doubled since 2019. The forthcoming free trade agreement is expected to further strengthen bilateral long-term conditions for trade and investment and is expected to support a doubling of bilateral trade over the coming five years.

The survey highlights the long-term nature of Swedish business engagement in India, with a majority of respondents having operated in the market for more than a decade. At the same time, nearly one-fifth of surveyed companies established operations in India in 2020 or later, indicating a continued inflow of new Swedish entrants despite a more uncertain global economic environment. Notably, each five-year cohort represents a relatively consistent share of the total company base. This points to a sustained and broad-based attractiveness of the Indian market over time, rather than a one-off surge driven by specific events. Based on current Team Sweden estimates, approximately 300 Swedish companies are established in India. While this represents a significant number of established Swedish companies, a continuous stream of Swedish companies is expected to enter the Indian market in the short- to medium-term.

Recent Swedish entrants into the Indian market include G-TEK (automotive components), Samma Pharma (a subsidiary to pharmaceutical company EQL Pharma), Spiideo (sports analytics), WirelessCar (automotive software), ThermoCalc (industrial software) and Swedish Submersibles (semisubmersible technology). These companies operate across a diverse set of sectors, underscoring the broad sectoral footprint of Swedish business engagement in India and reflecting India’s evolving industrial and technological landscape, characterised by manufacturing expansion, strengthening healthcare demand, accelerating digitalisation, and increasing focus on smart, sustainable, and high-value engineering solutions.

As India’s market size, regulatory environment, and growth prospects continue to evolve, the consistent entry of new firms indicates that companies across sectors and sizes are increasingly viewing India as a long-term strategic market. Together, these developments highlight the complementary strengths of Sweden’s innovation-driven companies and India’s scale, talent base, and long-term growth potential.

In what year did your company establish operations in India?

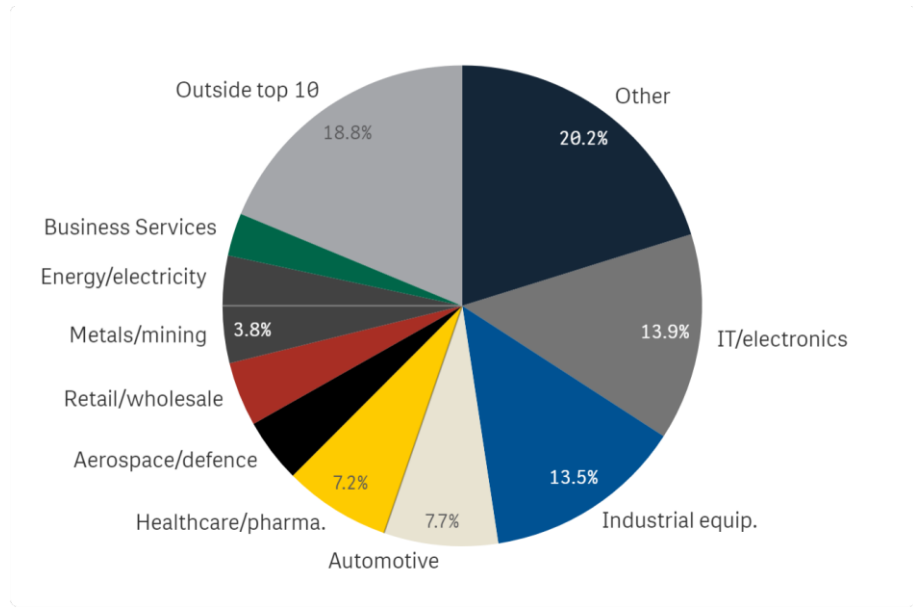


NOTE: The number of respondents for this question was 200. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

The broad-based interest is reflected in the sectoral composition of Swedish companies in India. While industrial equipment and IT/electronics represent the largest sectors, the overall mix remains diversified, indicating that India’s growth opportunities extend across a wide range of industries.

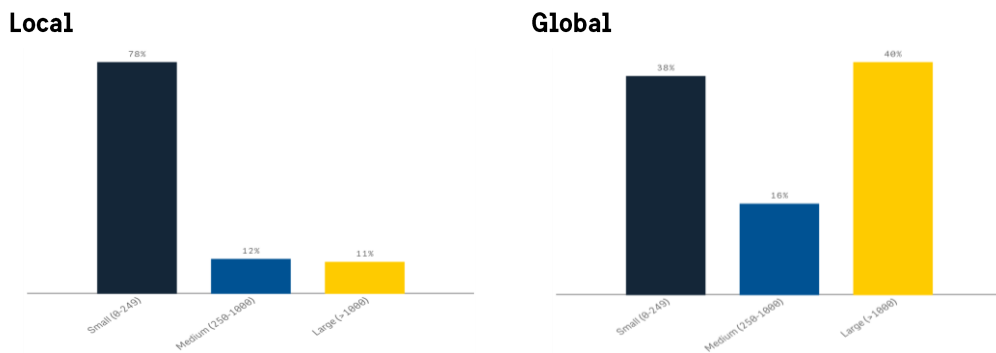
What is your company's main industry in India?



NOTE: The number of respondents for this question was 208. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2026

A majority of surveyed Swedish companies in India operate with relatively small local workforces, with 78 per cent employing fewer than 250 people in the country. In contrast, when measured by global headcount, the company base is more evenly distributed, with 40 per cent classified as large enterprises and only 38 per cent as small. This indicates that many Swedish companies in India maintain a relatively lean operational footprint, suggesting that many companies remain in an expansion phase, with potential for further expansion in local employment as operations deepen over time. Overall, Swedish companies collectively employ approximately 220,000 people across industries in India.

Swedish firms' local and global number of employees in India in 2025



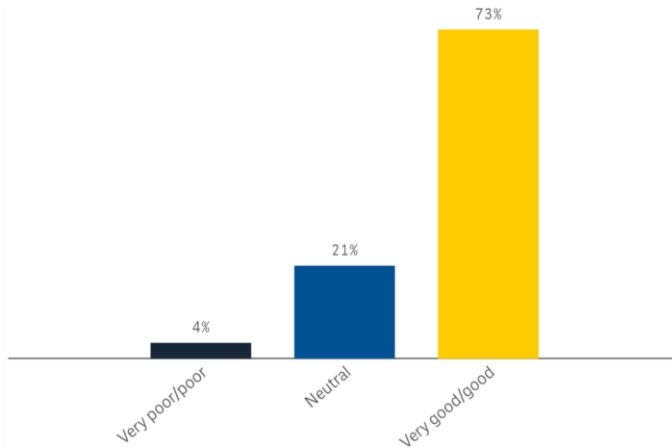
NOTE: The number of respondents for this question was 205 and 208 respectively. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2026

Swedish companies have a positive perception of the business climate in India

Seventy-three per cent of surveyed companies assess the business climate in India as good or very good, while only 4 per cent consider it poor or very poor. This likely reflects broader optimism regarding India's development and market opportunities. Although this represents a clear majority, it marks a slight decline from 77 per cent in the previous year's survey. The shift is primarily explained by a movement towards a more neutral assessment, with approximately one-fifth of respondents now describing the business climate as neither good nor poor.

The findings suggest a positive relationship between the length of time a company has operated in India and its perception of the business climate. Among “mature” companies, 83 per cent describe the business climate as good or very good, compared to 67 per cent among “newcomer” companies. This may indicate that India’s business environment can be complex to navigate initially, while companies with longer market experience are generally better positioned to manage regulatory, operational, and commercial challenges.

How do you perceive the current business climate in India?



NOTE: The number of respondents for this question was 199. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in India 2026

Strong operational ecosystem, but administrative processes remain a bottleneck

The survey results point to a business environment in India where core operational enablers are assessed positively, while administrative and cross-border processes remain areas of relative concern for Swedish companies.

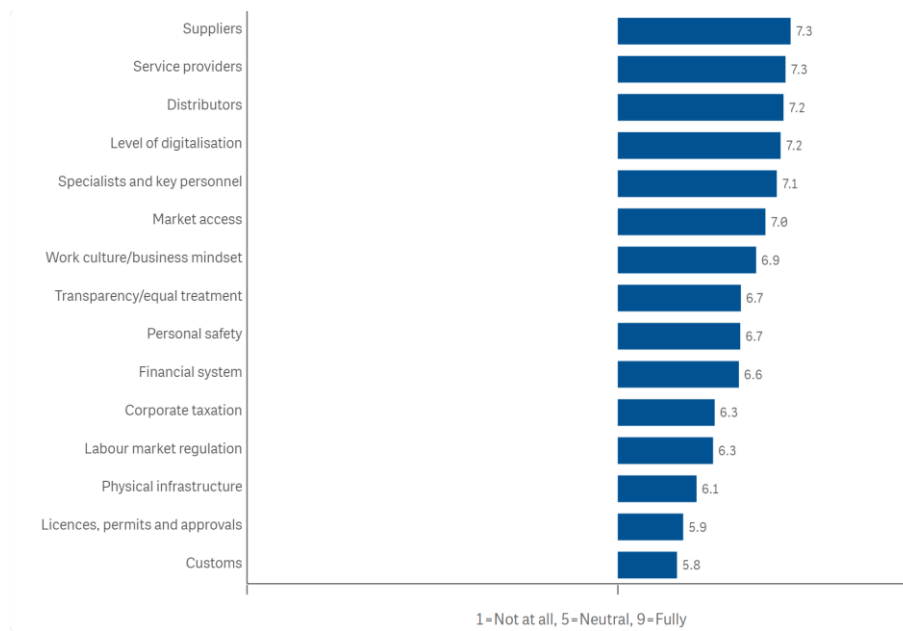
Among the highest-rated factors, suppliers and service providers (7.3 each), distributors (7.2), and the level of digitalisation (7.2) stand out as key strengths. These scores suggest that Swedish companies generally find India’s commercial ecosystem to be well-developed, with capable partners and service infrastructure supporting day-to-day operations. The strong rating for digitalisation further reflects India’s progress in adopting digital tools and platforms that facilitate business processes, scalability, and connectivity across a large market.

The availability of specialists and key personnel (7.1) and overall market access (7.0) also feature among the top assessments, reinforcing India’s attractiveness as a demand-driven market with a broad talent base. Together, these factors indicate solid fundamentals for companies seeking to expand sales, services, and increasingly operational activities in India.

At the lower end of the scale, licences, permits and approvals (5.9) and customs procedures (5.8) receive the weakest ratings. These results suggest that administrative processes and trade-related procedures continue to add complexity and time-related costs to operations, even as other parts of the business environment perform well. The gap between strong ecosystem fundamentals and weaker administrative interfaces highlights the importance of continued reforms aimed at streamlining approvals, improving predictability, and facilitating cross-border trade.

Overall, the findings indicate that India’s strengths lie in its market ecosystem, partners, talent, and digital readiness, while procedural efficiency and regulatory execution remain the most prominent constraint affecting the business experience of Swedish companies.

How well do the following conditions meet the needs of your company in India?



NOTE: The number of respondents for this question was 213. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in India 2026

Trade barriers are becoming a greater challenge for Swedish companies in India

Customs procedures, regulations, and local requirements are identified as significant trade barriers by 20–30 per cent of surveyed companies. These are considered trade barriers by companies of all sizes, industries, and levels of experience in India, but are particularly pronounced among consumer-oriented companies.

Compared with the previous year's survey, the share of companies identifying customs procedures as a challenge increased by 11 percentage points, while concerns related to local requirements and regulations rose by six and 5 percentage points, respectively. This points to a heightened perception of trade-related constraints and suggests a rising level of operational complexity for companies operating in India. The trend represents a departure from the more favourable momentum observed in recent years, during which respondents reported gradual improvements in the ease of doing business. The shift appears to be associated with developments in India's standardisation and regulatory environment, including the expanded use of Quality Control Orders (QCOs), which are discussed in further detail below.

India's long-term ambition to become a developed economy by 2047, marking 100 years of independence, is underpinned by a policy framework aimed at strengthening domestic industrial capacity and reducing external dependencies. Key initiatives such as *Make in India* and *Atmanirbhar Bharat* (self-reliant India) reflect this strategic direction. These ambitions are supported by a combination of tariff and non-tariff measures which increase compliance efforts and the complexity of market access for foreign companies.

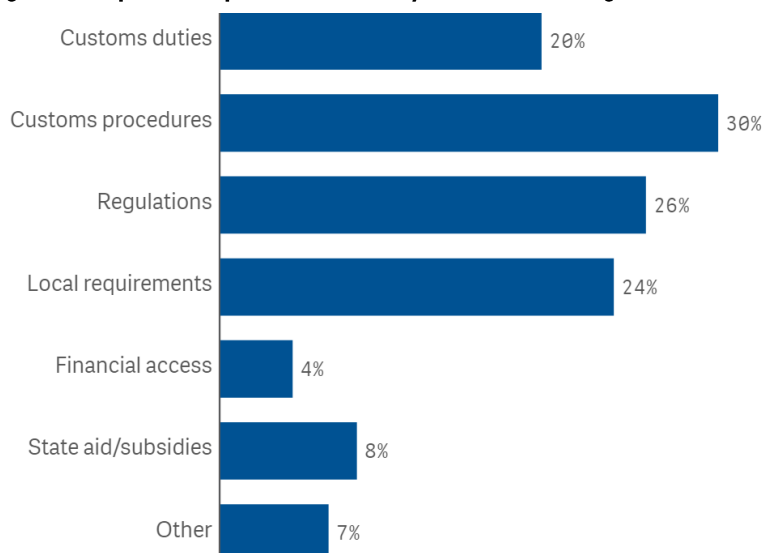
High tariff levels have constituted the major barrier across a wide range of sectors. The EU-India FTA is expected to substantially mitigate this constraint, with more than 96 per cent of EU exports by tariff line benefiting from tariff reductions or elimination. Implementation for many products will, however, be gradual, with transition periods of up to ten years and continued use of tariff rate quotas in certain sectors. As a result, tariffs are likely to remain a relevant consideration in the short- to medium-term.

In practice, non-tariff barriers may represent a more significant constraint than tariffs. Product-specific certification requirements, complex customs procedures, and regulatory approval processes can result in extended lead times, increased administrative burdens, and higher compliance costs. Measures such as QCOs may require product adaptation and additional testing, affecting companies with globally integrated value chains. Additional challenges relate to market access in public procurement, where domestic preference policies limit foreign participation, and intellectual property protection, where registration processes can be time-consuming and enforcement may vary. Companies frequently highlight regulatory complexity and a degree of unpredictability in the business environment as a key

constraint extending beyond trade-specific measures to include processes related to establishment, land acquisition, and legal proceedings.

In this context, the EU-India FTA can play an important role by enhancing transparency, predictability, and regulatory cooperation. Provisions related to consultation periods, advance notice of regulatory changes, and the promotion of international standards may contribute to a more stable and predictable operating environment enabling efficient market access and supporting long-term strategies.

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?



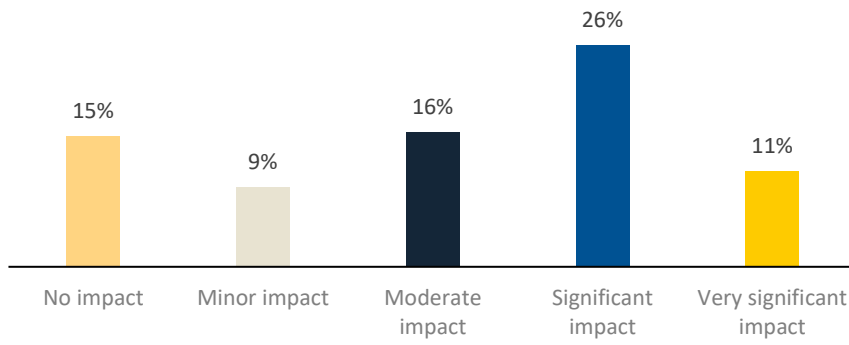
NOTE: The number of respondents for this question was 213. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

QCOs are frequently highlighted by Swedish companies as a significant operational challenge in India. QCOs are mandatory regulatory instruments that require certain products to comply with specific Indian standards and obtain certification prior to being sold in the market. In practice, these requirements can differ from international standards, involve complex and at times lengthy administrative procedures, and may be introduced or amended with relatively short implementation timelines. Thirty-seven per cent of surveyed companies report that QCOs have significantly or very significantly affected their operations in India. A majority of surveyed companies (62 per cent) indicate that QCOs have had some impact on their operations. As companies operating exclusively in the services sector are not subject to QCO regulations, the survey results likely underestimate the overall impact of the legislation among Swedish companies whose operations involve the import, manufacture, or sale of regulated products in India.

Beyond the regulatory requirements themselves, companies point to procedural aspects as an additional challenge. Certification processes can involve extensive documentation requirements and may extend to suppliers and production facilities located outside India. This can require physical inspections by Indian authorities, adding time and complexity, particularly for companies operating within integrated global value chains. Processing times are often described as lengthy and the outcomes can be difficult to predict. Certifications are sometimes granted for limited periods or subject to exemptions, requiring companies to initiate renewal processes at short notice. At the same time, regulatory requirements may evolve with limited lead time, adding to operational uncertainty. While some QCOs have been withdrawn, implementation delayed and temporary exemptions granted over the past year, many QCOs remain in place, covering more than 700 products, continuing to affect business operations for Swedish companies.

The FTA between the EU and India is expected to bring minor improvements in this regard. For example, it stipulates that new technical regulations (such as QCOs) shall be preceded by a 60-day open consultation period, and that new requirements shall enter into force no earlier than six months after being announced. The use of international standards as a benchmark shall also be promoted, and a working group on conformity assessment will be established to, among other things, address issues related to QCOs. Developments related to QCOs remain an important policy area to monitor for companies seeking to access the Indian market, as the regulatory landscape continues to evolve and may entail a degree of uncertainty.

To what extent do the Quality Control Orders affect your company's operations in India?

NOTE: The number of respondents for this question was 213.
SOURCE: Business Climate Survey for Swedish Companies in India 2026

How Swedish companies succeed in India

Sales remain the primary focus, as companies gradually expand across functions

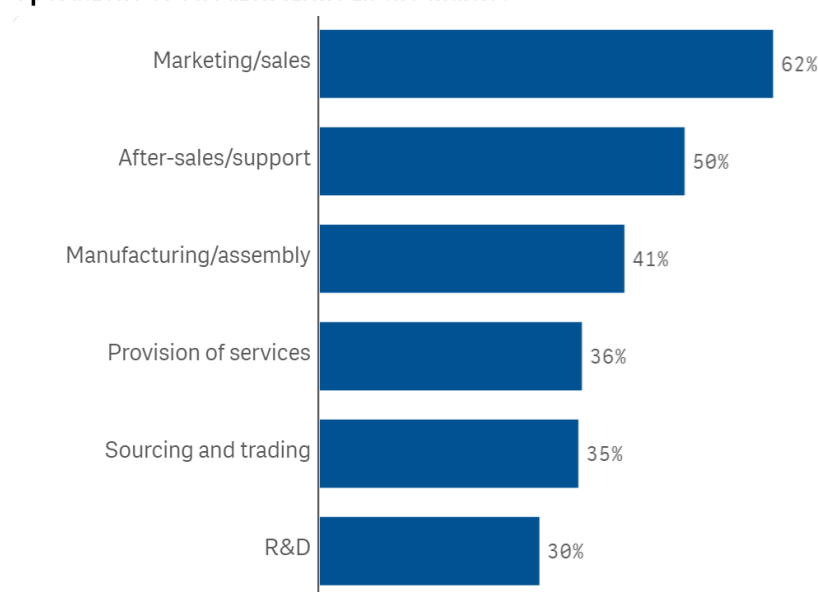
The survey results provide valuable insights into the current operational footprint of Swedish companies in India, while also offering broader indications of how business engagement in the market is evolving. Market-facing activities continue to play a central role, with marketing and sales reported by 62 per cent of respondents, underscoring India's importance as a key growth market that increasingly requires strong local presence and customer proximity. After-sales and support functions are reported by 50 per cent of companies, highlighting the growing emphasis on service quality, responsiveness, and long-term customer relationships.

Beyond commercial functions, the findings also point to a notable depth and diversity of operational engagement. Manufacturing and assembly activities are present among 41 per cent of respondents, indicating that a substantial share of Swedish firms view India not only as a sales destination but also as a viable base for production and assembly. In addition, 35 per cent report sourcing and trading activities and 36 per cent report the provision of services, reflecting India's expanding role as an integrated operational and value-chain hub supporting both local and international operations.

While research and development activities are reported by 30 per cent of companies, these remain more selective in nature, suggesting targeted use of India's talent base for specific knowledge-intensive and support functions rather than large-scale relocation of core R&D.

Taken together, the distribution of activities reflects a hybrid engagement model, combining market-oriented functions with manufacturing, services, sourcing, and selective R&D. Notably, all functions except two (manufacturing/assembly and sourcing and trading) have increased by 12–25 percentage points. This pattern points to a maturing phase of Swedish business engagement in India, characterised by diversified value creation and a growing degree of long-term operational commitment.

Operations of Swedish firms in the market



NOTE: The number of respondents for this question was 213. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

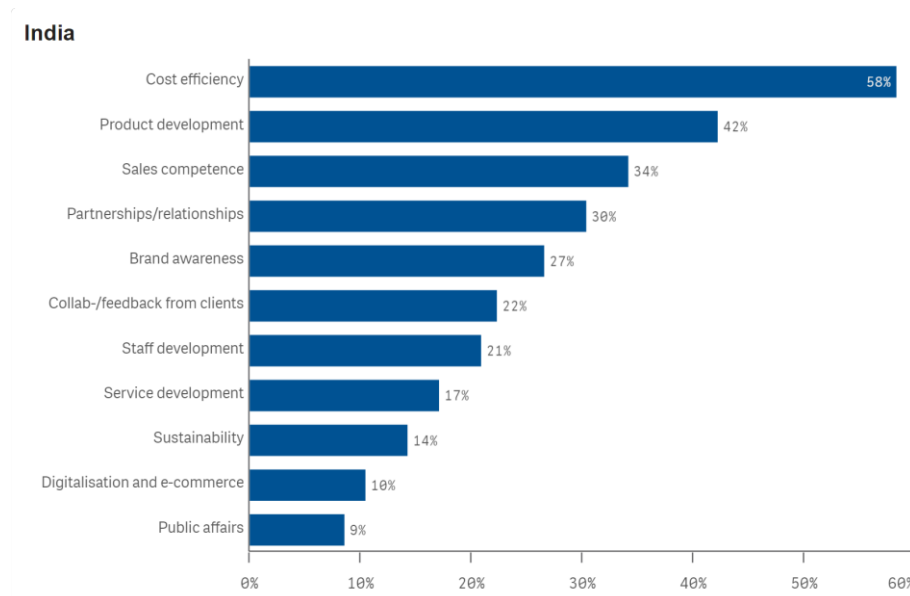
Cost efficiency remains the key competitiveness factor in India

India offers significant growth potential, but operating successfully in the market requires navigating a set of structural and operational challenges. Companies are often faced with a dynamic and sometimes unpredictable regulatory environment, where rules and standards can evolve rapidly and differ from international norms, increasing compliance complexity. Trade-related barriers, including tariffs and non-tariff measures, continue to affect market access and cost structures, while localisation requirements and supply chain considerations add further layers of decision-making. In parallel, factors such as skills gaps in emerging technologies, environmental pressures such as air pollution, and an evolving sustainability landscape require companies to continuously adapt their operations and long-term strategies.

As illustrated, cost efficiency is identified as the most important factor for maintaining competitiveness in India, cited by 58 per cent of respondents – a finding that reflects both the price-sensitivity of Indian markets and the ongoing pressure on Swedish companies to localise cost structures. Product development (42 per cent) and sales competence (34 per cent) rank second and third respectively, underscoring that competitive positioning in India is not solely a function of price, but increasingly dependent on tailored offerings and strong on-the-ground commercial capabilities. Partnerships and relationships (30 per cent) and brand awareness (27 per cent) also feature prominently, reflecting the importance of relationship-driven business culture and reputation-building in the Indian market context. Notably, digitalisation and e-commerce (10 per cent) and public affairs (9 per cent) rank lowest among the identified factors – suggesting that these areas are not yet fully leveraged as differentiating factors by Swedish companies operating in India.

Taken together, the results point to a competitiveness model that remains anchored in operational fundamentals, with scope for companies to differentiate further through digital capabilities and stakeholder engagement as the market matures.

To date, which of the following areas have been important in maintaining competitiveness in India?



NOTE: The number of respondents for this question was 208. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

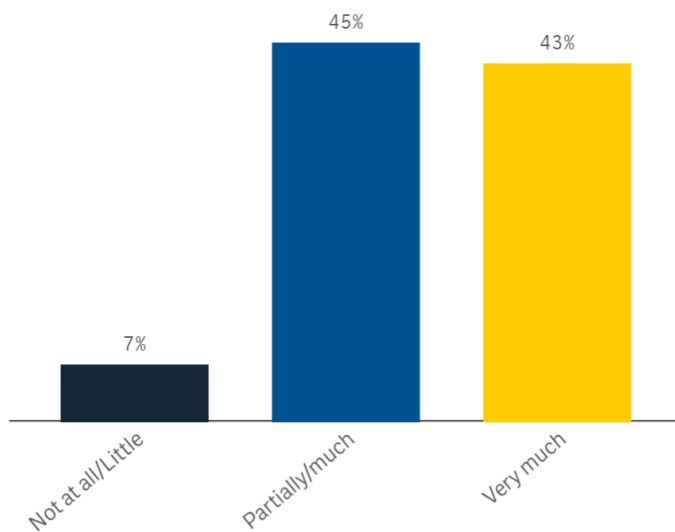
The Swedish brand continues to contribute positively to business operations in India

Even in a market often characterised by strong price sensitivity and intense competition, the Swedish brand continues to be viewed as a positive factor for business operations in India. Close to 90 per cent of surveyed companies indicate that the Swedish brand contributes positively to their business, with 43 per cent assessing that it contributes “very much” and a further 45 per cent reporting a partial contribution, while only 7 per cent perceive little or no impact. This assessment is broadly consistent across companies of different sizes, sectors, and lengths of presence in the Indian market, pointing to a stable and widely recognised perception of Swedish business practices.

The findings suggest that, alongside price considerations, factors such as perceived quality, reliability, compliance, and long-term performance play an important role in shaping commercial outcomes, particularly in business-to-business and regulated segments. The Swedish brand appears to support companies’ market positioning, which can be especially relevant in an operating environment characterised by evolving standards and regulatory requirements.

In this context, the brand’s perceived association with high-quality, compliant, and sustainability-oriented solutions may assist Swedish companies in communicating value propositions that go beyond initial price considerations.

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 203. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

Acting sustainably

Environmental considerations are continuously perceived to influence purchasing decisions in India

In 2026, the overall perceived importance of sustainability in purchasing decisions witnessed a decline compared with the previous two years. The share reporting that environmental aspects are considered “very little/little” increased to 29 per cent, up from 19 per cent in 2025. At the same time, the survey results also suggest that environmental aspects continue to play a role in purchasing decisions in India, as 60 per cent of surveyed companies stated that customers consider environmental aspects “partially/much” (46 per cent) or “very much” (14 per cent) when purchasing products or services.

Clear differences can be observed across sectors and company types. Industrial companies report to a greater extent (64 per cent) that customers consider environmental aspects in purchasing decisions, possibly reflecting increasing sustainability requirements within manufacturing and global supply chains. Mature companies with longer operational experience in India also report a somewhat higher degree of environmental consideration among customers (75 per cent), which may reflect their greater exposure to large industrial clients and internationally integrated value chains. In contrast, 50 per cent of surveyed companies operating within the consumer sector report that environmental aspects of a product or service have little or no influence on customer purchasing decisions, suggesting that price sensitivity and affordability continue to be dominant purchasing factors within the sector.

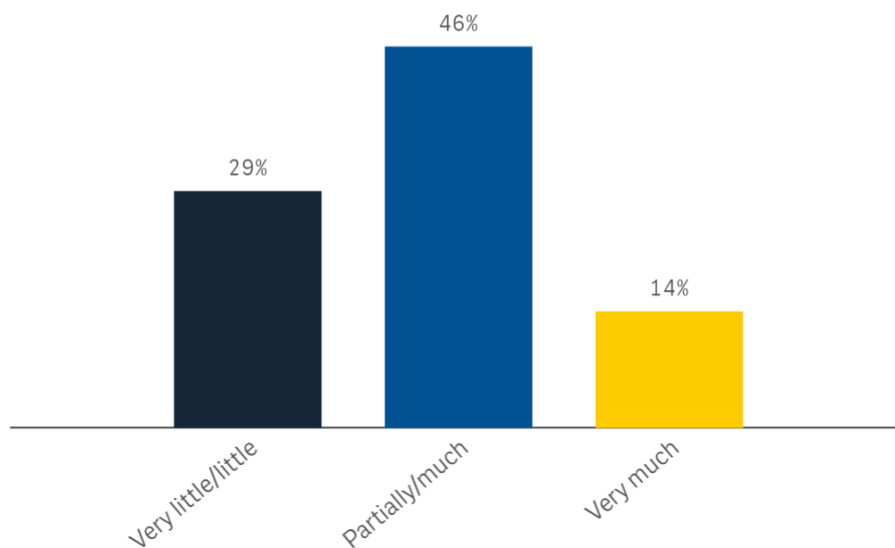
At the policy level, India continues to expand climate- and sustainability-related regulation, including investments in renewable energy, ESG disclosure requirements, and industrial decarbonisation initiatives. India adopted stringent Nationally Determined Contributions (NDCs) for 2031–2035 aligned with its ambition to achieve net-zero emissions by 2070: to achieve 60 per cent cumulative electric power installed capacity from non-fossil fuel-based energy resources, to reduce its GDP emissions intensity by 47 per cent, and to create a carbon sink of 3.5 to 4.0 billion tonnes of CO₂ equivalents through forest and tree cover from 2005 levels.

India has also accelerated the development of its domestic carbon market through the launch of the Indian Carbon Market Portal in March 2026, supporting the implementation of the Carbon Credit Trading Scheme (formally established in 2023) and trading is expected to commence later in 2026. The scheme introduces a framework for carbon trading covering selected energy-intensive sectors, while also enabling voluntary carbon credit generation across areas such as renewable energy, green hydrogen, forestry, and waste management. Beyond supporting India’s long-term decarbonisation ambitions and net-zero target for 2070, the framework is also expected to strengthen Indian companies’ ability to demonstrate compliance with emerging international carbon-related regulations, including the Carbon Border Adjustment Mechanism (CBAM).

The forthcoming EU–India FTA includes provisions related to climate protection, sustainable resource management, and cooperation on the green transition, alongside commitments linked to international frameworks. These provisions are expected to strengthen the framework for sustainable trade and environmental cooperation between India and Europe, contributing to a gradual increase in sustainability-related requirements across trade, procurement, manufacturing, and global value chains.

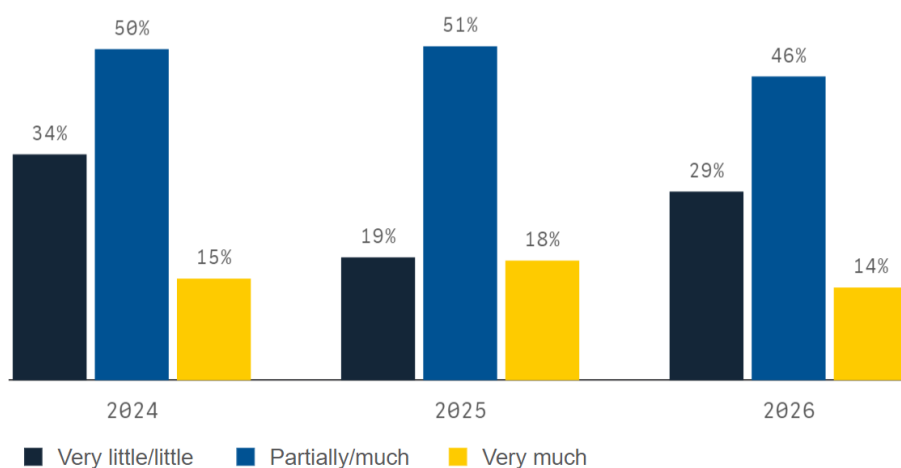
International regulatory developments — most notably evolving EU sustainability requirements — are also expected to gradually increase sustainability-related expectations across export-oriented sectors and internationally connected supply chains. However, the survey results indicate that these developments have not yet translated into uniformly stronger end-customer demand for sustainable products and services across the wider market.

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

SOURCE: Business Climate Survey for Swedish Companies in India 2026



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

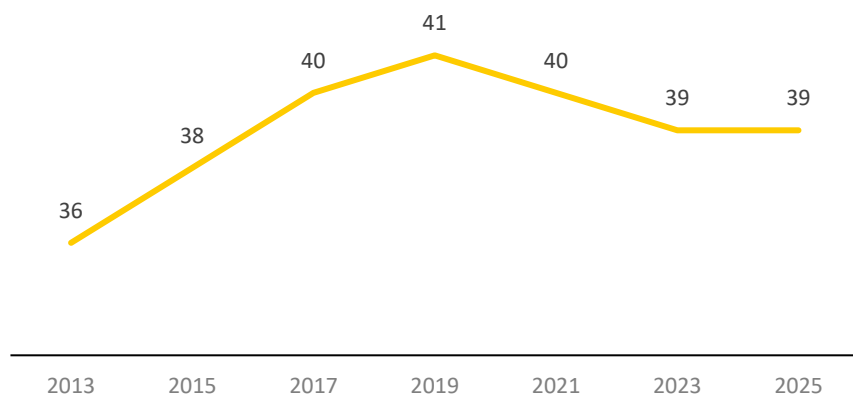
SOURCE: Business Climate Survey for Swedish Companies in India 2026

India continues to face corruption-related challenges, while direct exposure remains limited

In Transparency International's 2025 Corruption Perceptions Index (CPI), measuring different dimensions of public sector corruption, India scored 39 out of 100, ranking 91st out of 182 countries.

As factors commonly associated with elevated corruption-related risks – including administrative complexity, regulatory uncertainty, and lengthy approval processes – remain present in India, anti-corruption compliance and risk mitigation are likely to remain important aspects of operations in the market. India has, however, continued efforts in recent years to strengthen digital governance, transparency, and e-governance systems, which may contribute to reducing corruption risks in administrative processes.

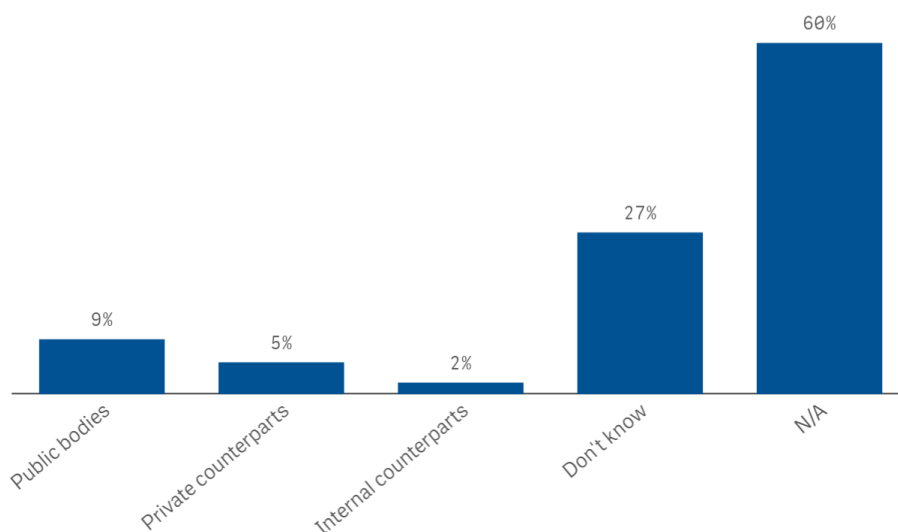
Corruption perception index 2025



NOTE: CPI is the most widely used global corruption index measuring perceived public sector corruption, by experts and businesses.
SOURCE: Transparency International

A majority of surveyed companies report that the question is *not applicable* or that they *don't know* if they have been exposed to corruption in India. Nine per cent report that they have been exposed to bribery in contacts with public bodies, 5 per cent in contacts with private counterparts and 2 per cent in contacts with internal counterparts. A sector-level breakdown of the answers reveals that surveyed companies operating within the consumer sector have been more exposed to corruption with 17 per cent reporting exposure to corruption in contacts with private counterparts. The relatively limited reported direct exposure among surveyed companies may partly reflect the structured compliance frameworks, internal controls, and global governance standards applied by many Swedish firms operating 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 213.
SOURCE: Business Climate Survey for Swedish Companies in India 2026

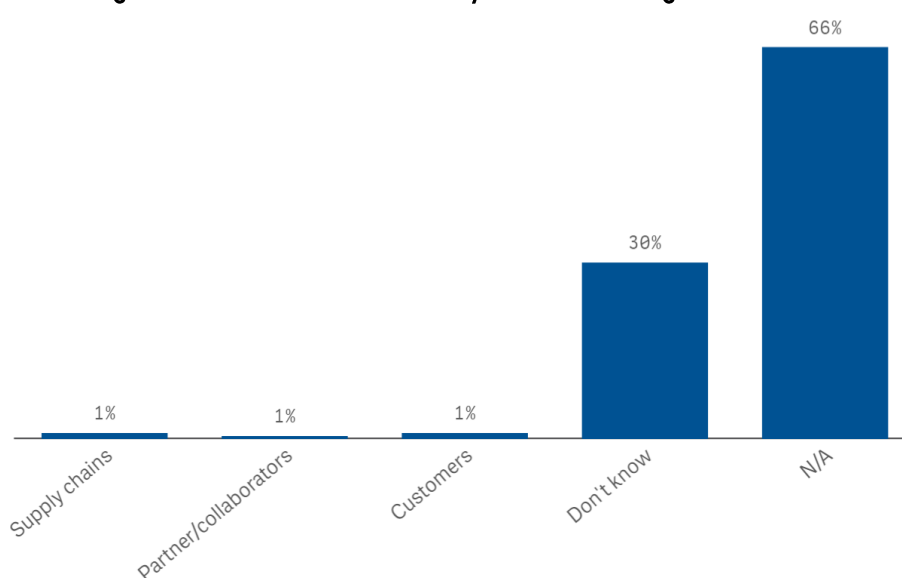
Labour rights, responsible business conduct, and supply chain risks in India

Ninety-six per cent of surveyed companies responded that the question was not applicable or that they were unaware of any human rights violations or labour rights abuses within their supply chains or in partner interactions. A sectoral breakdown indicates that exposure varies across industries, with 9 per cent of companies within the consumer sector reporting having encountered some form of human rights or labour rights-related issue within their supply chains.

India has established a legal framework for the protection of human and labour rights, including constitutional guarantees related to equality, freedom of association, and protection against exploitation. The country has consolidated its labour legislation into four overarching labour codes covering wages, industrial relations, social security, and occupational health and safety, and is party to several international human rights and labour conventions under the International Labour Organization and the United Nations.

However, India has a large informal economy, operating outside formal employment arrangements and lacking effective access to social protection and workplace safeguards. International organisations and labour observers continue to highlight challenges related to occupational safety, informal labour practices, and uneven enforcement of labour standards across sectors and states. According to the 2025 International Trade Union Confederation Global Rights Index,² India received a rating of 5, categorised by the ITUC as “No Guarantee of Rights”. The forthcoming FTA includes commitments related to labour rights, such as decent working conditions, responsible business conduct, gender equality, and regulatory cooperation which may contribute to greater alignment with international labour and sustainability standards over time.

Has your company in India encountered any form of human rights violations and/or labour rights abuse in contacts with any of the following areas?



NOTE: The number of respondents for this question was 213. “Don't know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in India 2026

² The index assesses countries based on indicators related to freedom of association, collective bargaining, and the right to strike, and highlights continued challenges in the implementation of collective labour rights.

Contact us

Business Sweden

ask.india@business-sweden.se

Swedish Chamber of Commerce

contact@swedishchamber.in

Embassy of Sweden

ambassaden.new-delhi@gov.se

Consulate General of Sweden

consulategeneral.mumbai@gov.se



Government Offices of Sweden



swedish
chambers
international