

SPAIN INDIA 2020

A joint reflection on the
past, present and future
of our bilateral relations

WORKING PAPER 3

Business relations and entrepreneurship



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3.1.

Framework of the bilateral business relations

Spanish companies in India and Indian companies in Spain were established with a significant delay compared to other countries. Spanish companies arrived in India after the 1991 reforms of economic liberalisation. Some of the first Spanish companies established in India include Banco Sabadell, in 1994; Grupo Antolín, in 1996 and Grupo Mondragón, in 1998. Since then, and with a considerable progression in the last fifteen years, there are more than 200 Spanish companies present in India. This proves that Spanish companies are a key technological partner for the updating of the Indian value chain and for the competitive and sustainable growth of the Indian economy.

The establishment of Indian companies in Spain began at the turn of the century, and is still significantly below Spain's capacity for attracting foreign direct investment in the global context and the opportunities it offers to international companies looking for better access to the European market and the strategic control of operations in the Latin-American market. Within the almost 50 Indian companies established in Spain, three core sectors stand out –information technologies, pharma and automotive.

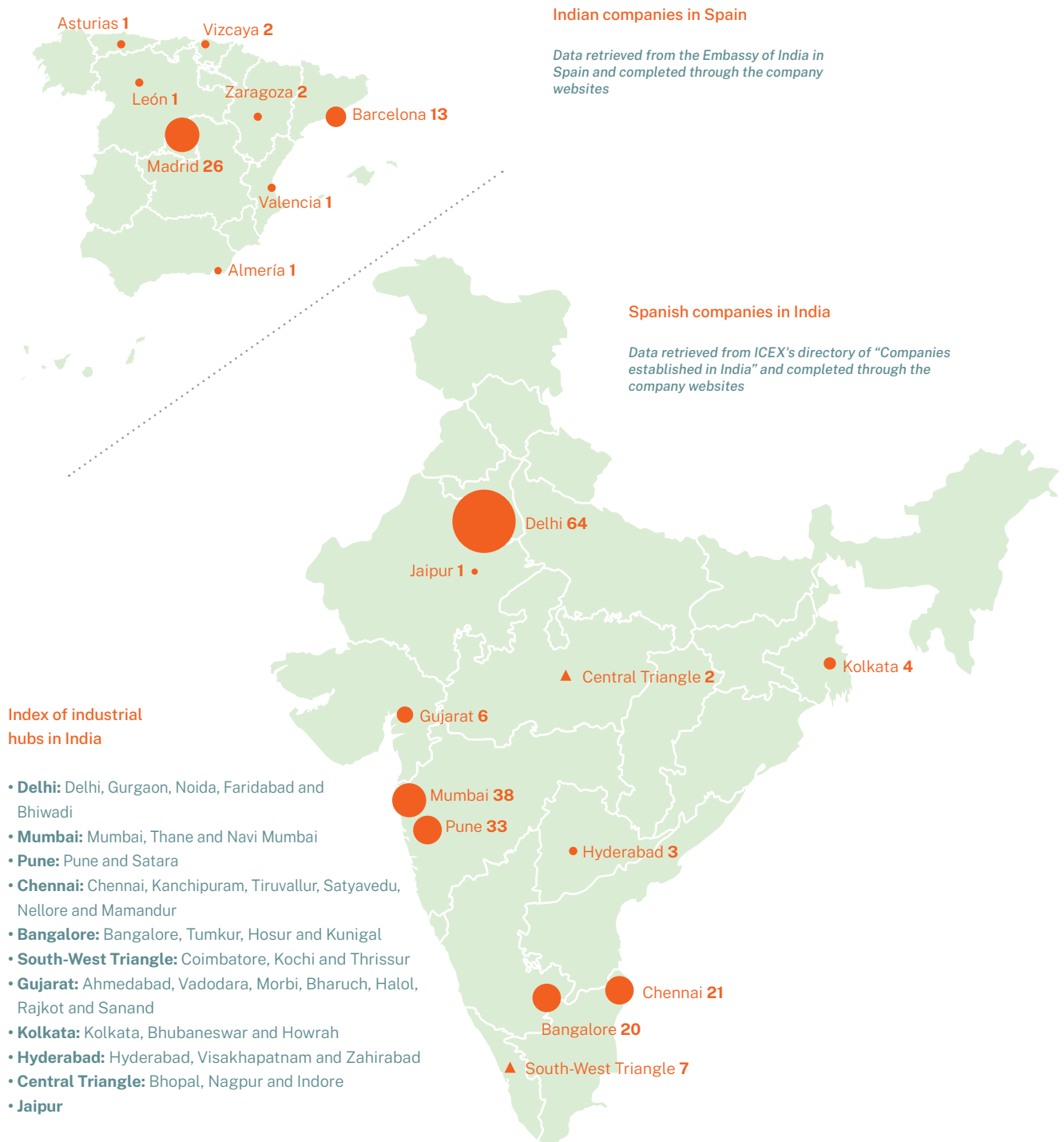
The main challenge of this bilateral entrepreneurial ecosystem under construction is the creation of permanent institutions and dialogues that become knowledge, meeting and interaction platforms for the different business fabrics. While India's main European trade partners, like Germany, Italy, Belgium or France, have had bilateral chambers of commerce for almost fifty years, the creation of the Indo-Spanish Chamber of Commerce, recognised by the Spanish Ministry of Industry, Trade and Tourism in 2019, has been a key milestone in this pending institutionalisation process.



This bilateral business fabric is complemented with two institutionalised dialogue platforms –the Spain-India Forum and the Spain-India CEOs Forum. The Spain-India Forum, created and promoted by the Spain-India Council Foundation, is a platform for sectoral meetings that allows generating mutual knowledge and interaction between both countries in strategic fields, such as transport infrastructures or renewable energies. The Spain-India CEOs Forum, promoted by the Secretariat of State for Commerce, the Spanish Chamber of Commerce and the Spanish Confederation of Employers' Organizations (CEOE), provides a framework of business meetings to be held on the sidelines of official visits. These CEO fora have the capacity to take the joint recommendations to the highest level and to create specific working groups to address different issues and make proposals to the competent authorities.

Spanish and Indian companies have great corporate similarities, complementarities in the value chain and strategic synergies, which become a promising basis for a closer and more fruitful collaboration. The automotive industry is a great example of how these synergies and complementarities can have a two-way component, both in India and in Spain.

ILLUSTRATION 21 / Location of Spanish companies in India and Indian companies in Spain



Source: Compiled by the authors from information of ICEX and the Embassy of India in Spain.



Indian metallurgical industry.

ILLUSTRATION 22 / Main sectors of Spanish companies in India and Indian companies in Spain

Spanish companies in India

1	Infrastructure, Construction & Civil Engineering	23
2	Auxiliary Industry, Industrial Components & Industrial Engineering	23
3	Machinery & Tools	22
4	Renewable Energies, Water & Environmental Sustainability	21
5	Electronic, Information and Communication Technologies (EICT)	20
6	Automotive, Automotive Components	14
7	Financial Services, Legal Advice & Strategy & Operations Consultancy	11
8	Food & Drinks	9
9	Chemicals	8
10	Mining, Metallurgy & Steel	6
11	Logistics	6
12	Biotechnology & Pharma	6
13	Wholesale/Retail Distribution	5
14	Fashion, Textile & Footwear	5
15	Others	20

Data retrieved from ICEX's directory of "Companies established in India" and completed through the company websites

Indian companies in Spain

1	Electronic, Information and Communication Technologies (EICT)	14
2	Pharma and Biotechnology	8
3	Automotive, Automotive Components	6
4	Tourism & Connectivity	5
5	Renewable Energies, Water & Sustainability	4
6	Others	10

Data retrieved from the Embassy of India in Spain and completed through the company websites

3.2.

Positioning, image and challenges of Spanish companies in India

More than 230 Spanish companies are present in different parts of the Indian geography, mainly focused on the main economic hubs around the boomerang formed by the metropolitan areas of Delhi, Mumbai-Pune, Bangalore and Chennai (see Illustration 21). Spain has a multi-sectoral presence in India, with special relevance in the sectors of infrastructure and construction, auxiliary products and industrial engineering, state-of-the-art machinery, renewable energies and environmental sustainability, EICT (Electronic, Information and Communication Technologies) and the automotive sector and automotive components (see Illustration 22).

In India, the size of Spanish companies ranges from major business groups established in the country to Spanish SMEs that participate in different links of the Indian economy. In many cases, the major Spanish companies are leaders in their sectors, such as **Indra**, in air traffic systems –around 80% of the Indian sky is monitored with its radars–, **Roca**, in bathroom design –with seven factories in India–, or the group **SIS-Prosegur** in the management of ATMs, with more than 10,000 employees, more than 90 branches and more than 2200 vehicles. India's recent commitment to companies like **Abertis**, with two highway concessions in the south of India since 2017, **Grifols**, with representation office in Gurgaon and one branch in Bombay since 2014, or **Viscofan**, which has recently shown interest in revitalising its commitment to India, are proof that the Indian economy is still an opportunity to be explored by a great number of Spanish companies and that, despite the delay in the establishment of companies, the robust growth of its economy also offers opportunities to the newcomers.

The presence of major Spanish companies in economies like India offers a dragging effect to Spanish SMEs that supply to these companies in other markets and need to establish themselves in the local market to continue being their suppliers in India. Examples of this dragging effect can be observed in the sector of renewable energies, with the presence in India of companies like **Siemens Gamesa** or **Acciona**, or in the sector of automotive components, like **Grupo Antolín**, **Gestamp** or **CIE Automotive**. The establishment of Spanish SMEs in India, as local suppliers of these major Spanish companies, allows them to access the local market with guarantees. Once their establishment is consolidated, they have the opportunity to grow there by searching for new clients.

Spanish companies are constituted as corporate entities –subsidiaries or joint ventures with local companies– or as non-corporate entities –project, representation or purchasing offices. Out of the total Spanish companies established in India, around 10% have joint venture agreements with Indian local partners (prepared by the authors from data of ICEX, 2020). One of the most common internationalisation models chosen by Spanish companies when internationalising in India is entering the country through a joint venture with a local partner with purchase options. Once the expectations are fulfilled, they end up becoming subsidiaries at 100% of the Spanish company.

The economic and commercial offices in New Delhi and Mumbai, part of the Embassy of Spain, are the specialized instrument for the internationalization of the Spanish economy and for the provision of services and assistance to Spanish companies and entrepreneurs in the Indian market. Furthermore, they are also responsible for economic and trade institutional relations and for preparing economic information about India. They also constitute the channel of action for the programs and activities of ICEX-

Spain Export and Investments in India, under the guidelines of the Secretary of State for Commerce.

These economic and commercial offices help Spanish companies to address the Indian market and establish themselves in the country, by accompanying the Spanish company throughout the process, from providing information about its market or sector to accompanying it in its implementation process, including support in problem solving or hindrances they may face; the preparation of work agendas or supplier lists, and any of the personalized services offered by ICEX. Likewise, under the direction of ICEX, they organize business meetings and multilateral partnerships with the aim of serving as a framework to foster and enhance bilateral business relations, with which it would seem appropriate to continue in view of their success.

To make the most of the opportunity that the growth and projection of the Indian market offer the Spanish companies, and given the favourable context for internationalisation promoted by the Make in India programme, getting established in India, even with the challenges and difficulties this entails, is one of the best options. Internationalising in India, which requires time to come to terms with the need for a slow learning curve, also demands a long-term strategy for the companies to establish themselves and for investment, adapted to the specificities of the local market. The replica of standardised internationalisation strategies has been one of the most frequent causes of failure in India. In an economy as complex as India, the existence of an official bilateral camera with a vision linked to the business reality, like the **Indo-Spanish Chamber of Commerce**, is essential for creating a business bridge between both countries (see Case 6).

Although there is professional and cultural harmony between Spanish and Indian people,



Prime Minister Narendra Modi during the presentation of the 'Make in India' campaign in Mumbai.

there are differences in the business culture which are particularly relevant in the corporate organisation. The importance of hierarchy and age, the dysfunctions in the decision-making process or the differences between terms and times are the main problems that make the communication between Spanish and Indian companies more difficult. Another of the recurring challenges faced by directors of subsidiaries and joint ventures between Indian and Spanish companies is transferring the complexity of their operations to their headquarters in Spain, where they fail to understand the specificities of the Indian business environment and the consequences as regards to deadlines and implementation methods.

The main challenges for Spanish products in India are the adaptability to a market which in certain sectors is not mature yet –as has been the case with olive oil–, to a framework of prices to which the Indian middle class is still very sensitive –like the personal care sector–, and to a commercial network that is still informal in its vast majority –small *kirana* shops are the main channel for beauty products. However, Spanish companies have been able to place their products in the local market with great success, even if there is still a long way to go for local consumers to identify and recognise the country brand (see In Detail 7).

The Spanish brand in India

Even though Spain has a positive and friendly image in India, it lacks a solid and recognised brand from which its companies may benefit. Even though the Spanish companies present in India have successfully established themselves in the country in numerous cases, this has seldom occurred by associating their product to the Spanish country brand. However, Spanish companies have shown that they are capable of attracting Indian consumers with innovative, high-quality and high-design products.

In the fashion sector, Inditex group is present in India with almost 1,300 employees through its brands **Zara**, with 22 shops since 2010 in joint venture with Tata Trent, which in the first years was able to double its sales biennially in India, and **Massimo Dutti**, established in 2016 with three shops. **Mango**

has announced that by the end of 2020 it will have 29 sales points in India, expediting its expansion in the country by growing with 10 shops this year. The Cortefiel group made its first foray into India in 2017 with the brands **Springfield** and **Women'secret**. The last Spanish fashion company to land in India this year, despite the pandemic, has been the Catalan brand **Desigual**.

In the beauty and personal care market, in which the Spanish brands have decided to identify themselves as a European product on several occasions, Spanish companies have been committing themselves to India for years. These include **Iberchem**, producer of fragrances with its own factory in Ahmedabad since 2010 and with an innovation centre in Mumbai since 2018, or **Skeyndor**, present in India since 2012, which has launched the cosmetics brand Jeannot Ceuticals in the Indian market together with the Indian company Ekta Cosmetic. Other Spanish companies have decided to internationalise in the local

market recently, including **Alma Corporation**, with four Marco Aldany hair salons, a Mister A barber's shop in India and the professional school ESIP in Mumbai.

Several Spanish companies have shown great capacity to adapt to the local market. **Roca**, present in India since 2007 in joint venture with Parryware India, and subsequently with its own subsidiary after the purchase of the local partner's share, has become leader of its sector, both with its luxury segment with Roca and its standard line with Parryware. **Lladró**, for which India represents 7% of its business volume, with seven shops in the country, has been able to adapt its product catalogue to the Indian consumer, including the collection Spirit of India, based on the Hindu iconography.

E-commerce is becoming the final frontier conquered by the Spanish brand in India. Since the launching of Zara's online shop in 2017, the Spanish brand has committed to improve its positioning in the growing e-commerce of India. Since the beginning of the de-escalation process of lockdown in India, in June, 2020, the volume of orders of e-commerce grew by 17% compared to data prior to the pandemic, growing by 130% in sectors like beauty and health (Unicommerce, EFE, 2020).



The Indo-Spanish Chamber of Commerce, the business bridge between Spain and India

Since the foundation of the Indo-German Chamber of Commerce in 1956, other European countries like Italy, Belgium, France, Netherlands, Portugal, Czech Republic, Poland or Denmark have been progressively incorporating their bilateral chambers. In the case of Spain, this did not occur until 2016, **when the representatives of six major Spanish companies with head office in India –CaixaBank, Mahou, San José, Talgo, Indra and Prosegur–** united to constitute the Indo-Spanish Chamber of Commerce (ISCC). As a result of this drive and personal commitment, they were able to cover one of the main pending niches in the Spain-India bilateral business relations.

The ISCC is **the only chamber of Spain in India and the only one recognised as official** by the Ministry of Industry, Trade and Tourism of Spain in 2019 and by the Embassy of India in Spain, for the sealing of contracts required for employment visas. The ISCC is a member of the Federation of Official Chambers of Commerce of Spain in Europe, Africa, Asia and Oceania (FEDECOM), it has agreements of mutual recognition with the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI), and it participates in the European Business Group, supported by the EU delegation in India, to improve the positioning of European companies in India. The ISCC has also signed an agreement

with the Spanish Food and Drink Industry Federation (FIAB) to offer the Spanish companies of the sector a consulting service for importing in India.

The main targets of the ISCC include its consolidation as a collaboration platform of companies, a repository of business knowledge and a tool to underpin the economic-business relations in support of Spanish companies in India. To achieve this mission, the ISCC is developing the following activities, among others:

- Networking Activities: meetings in which its members exchange knowledge and experiences on the best way to face the challenges to operate in India –in the case of Spanish companies– and in Spain –in the case of Indian companies.

- Information Activities: meetings with sectoral experts to learn about the new legal and tax regulations or the challenges of the current economic situation.

- Services to Companies: customised services for Spanish companies in India or for those who wish to internationalise in the South-Asian country, including market studies and identifying suppliers and distributors.

- Collaboration with other Public or Private Organisations: the ISSC collaborates regularly with the Embassy of India in Spain and the Embassy of Spain in India, with their commercial offices, with the European Business Group and with the Spain-India Council Foundation.

- Twinning Events: events between the members of the ISSC to generate links between them and their families, based on the Spanish culture –Spanish wine

tastings, sports events of the Spanish football team or other Spanish teams.

If there is a country where a bilateral chamber of commerce makes sense, this is India. The complexity of its internationalisation process, the relevance of the business learning curve and the importance of a good professional counselling make their work essential. The ISCC therefore constitutes **a business bridge between Spain and India, promoting a vision linked to the business reality and facilitating the creation of synergies between their members.** The members of the ISCC participate in a business ecosystem that offers both synergies of knowledge and of operations.

Although it currently has little more than 60 members, significantly below the members of the German, Italian or French chambers, **the significant growth of its partners in the last three years, even during the COVID-19 pandemic**, shows the interest of the Spanish companies for its work. Its members include Spanish companies established in India, like **Grupo Mondragón**, with numerous projects throughout the country through several subsidiaries in different sectors; or **Zirkel Infracra**, leading company in refrigeration technology; Indian companies that work or are linked to Spanish companies like **Gilco Global**, only authorised distributor of the Orona lifts of the Mondragón group in India; and companies which offer advice and consulting services to the Spanish companies established in India, such as **Agrupa**, with extensive experience in human resources consultancy projects, or **PSL Chambers**, law firm with head office in Delhi and Mumbai (see Illustration 23).

ILLUSTRATION 23 / Distribution of the Members of the Indo-Spanish Chamber of Commerce by industrial hub, city and nationality.

By city	
Delhi	25
Mumbai	10
Gurgaon	8
Noida	6
Bangalore	3
Pune	3
Faridabad	2
Chennai	1
Guwahati	1
Hyderabad	1
Jaipur	1
Vadodara	1
By industrial hub	
Delhi	41
Mumbai	10
Pune	3
Bangalore	3
Chennai	1
Guwahati	1
Hyderabad	1
Jaipur	1
Gujarat	1
By nationality	
Spanish	37
Indian	24
Others	2
Source: Indo-Spanish Chamber of Commerce	

3.3.

The positioning and synergies of Indian companies in Spain

There are almost 50 Indian companies in Spain, mainly located in Madrid and Barcelona (see Illustration 21). Multinationals of the iron and steel industry, like **Arcelor Mittal**—with 11 industrial plants in Spain—, of the tourism sector, like **OYO**—which in less than 12 months of activity in Spain obtained a portfolio of 100 hotels—, of the agrochemical sector, like **UPL**—which, with the international acquisition of Arysta Life Science has strengthened its positioning in Spain—or the bedding sector, like the Indian multinational **Sheela Foam**—which has acquired the company Interplasp, dedicated to the manufacturing of polyurethane foam— have found important businesses opportunities in Spain.

The sectors that have seen bidirectional bilateral synergies include the automotive sector, which will be analysed below, and the sector of sustainability. Irrigation system companies like **Naan Dan Jain Ibérica**, with its own production centre in El Ejido (Almería, Spain), or renewable energy companies like **Enzen**, **Suzlon** or **Mahindra Susten**, are examples that Indian companies can also participate in Spain's ecological transition.

However, there are two sectors in which India is a world leader and which bring together most of the Indian companies in Spain—information technologies and the pharmaceutical industry. The information technologies sector contributes 8% of the Indian GDP, is growing at more than 8% a year and generates 2 10,000 new jobs a year (NASSCOM, 2020). The majority of the Indian multinationals of the sector are present in Spain. In the pharmaceutical field, India is the world's largest provider of generic drugs and of almost half the global vaccines. The Indian pharma industry is growing annually at over 9%, the same as its sales

IN DETAIL 8



67

The establishment of leading Indian companies in the pharmaceutical and information technology industries in Spain

Almost 13 Indian companies of the information technology sector have a subsidiary in Spain, including the five major multinationals—**Wipro**, **Infosys**, **Tech Mahindra**, **Tata Consultancy Services** and **HCL Technologies**. Other major Indian technological companies have also made a commitment with Spain, like **NIIT Technologies**, currently **Coforge**, present since 2012 with the purchase of the Spanish company **Proyecta Sistemas**. The Spanish subsidiary of **LCC**, of **Tech Mahindra** group, employs more than 300 workers between Madrid and Seville, proving that the presence of these companies in Spain has a significant return on investment and job creation.

The major Indian pharmaceutical groups are also present in Spain, including **Sun Pharmaceuticals**, **Dr. Reddy's Laboratories**, **Aurobindo Pharma** or **Zydus Cadila**. These Indian pharmaceutical multinationals have chosen different routes to enter the Spanish market. Some have opted to purchase generic drugs divisions of Spanish pharmaceutical companies, like **Amarox Limited**, European subsidiary of the Indian group **Hetero**, which purchased its generic drugs division from **Tabis Farma**, from grupo **Ferrer**; or **Ranbaxy**, subsidiary of **Sun Pharma**, with the purchase of the generic division of **GSK** in Spain. Other Indian pharmaceutical companies have acquired the commercial operations in Spain of pharmaceutical multinationals, like **Aurobindo** with the business operations and part of **Apotex's** support infrastructure in Spain. Finally, Indian pharmaceutical companies have bought small and medium Spanish

pharmaceutical laboratories to access the Spanish and European market, such as **Zydus Cadila** with the purchase of **Laboratorios Combix**.

These Indian pharmaceutical laboratories have implemented a successful internationalisation in the Spanish market, as shown by **Accord Healthcare Spain**—with more than 70 active ingredients commercialised in more than 140 presentations, it has one of the most competitive portfolios of the Spanish market of hospital generics—, or **Uquifa**—manufacturer of active pharmaceutical ingredients (APIs) and intermediates for the pharmaceutical and animal health industry globally, with two manufacturing plants in Spain. The Spanish market continues to be an opportunity for many of the major Indian hospital groups like **Dr. Reddy's**, which is seeking to re-launch its presence in Spain in the field of hospital products.

(India Brand Equity Foundation, 2020). Indian laboratories and pharmaceutical companies have found in Spain a strategic partner to enter the European market (see In Detail 8).

Even though on many occasions a lot has been said about the India-Spain-Latin America triangulation to promote Indian investments in Spain, over time it has been shown that neither India nor Latin America need Spain to make

business. However, Spain is a very competitive strategic and logistics centre for centralising the management and operations of Indian companies in the EU & LATAM. Some Indian companies have started to centralise in Spain both their strategic and operations management for Europe and Latin America, given the unique support structure available in Spain for Latin America, including a specialised network of suppliers and consultants, its familiarity with its business fabric and culture,

or direct connections with most of the capitals of the region. It is therefore becoming more and more common to find job posts like “Head Manager, Europe & LATAM” or “Head Operations, Europe & LATAM” in Indian companies in Spain.

3.4.

Spanish and Indian companies against the impact of the COVID-19 pandemic and the bilateral economic situation

The COVID-19 pandemic and its strict lockdown in India has led the Spanish companies to face logistic problems in India, including increases in costs and transport deadlines, a drop of domestic demand and payment delays. These circumstances have had a serious impact on the liquidity and objectives of the companies, as was predicted by the members of the Indo-Spanish Chamber of Commerce. In the first weeks of the lockdown, 67% of the companies had already foreseen a high impact in their activity, and only 2% considered that there would be no consequences on their turnover. Most of the companies demanded fiscal, labour and financial measures to maintain their activity in India (see Illustration 24). Without a doubt, the impact and contraction of the Indian economy has been greater than expected by the companies, although the fast recovery of industrial production, even during the lockdown, leads to a robust growth of the Indian economy once the pandemic is over.

The current geopolitical situation is also having important effects on the Spanish company in India, within the measures taken in the development of the Make in India programme to become a Self-Reliant India, essentially non-dependent on China. Specifically, a series of measures have been implemented to restrict the participation of foreign companies in Indian projects and the import of products. These include, among others, only allowing local companies to opt for public tenders

ILLUSTRATION 24 / Survey on the impact of Covid-19 among the Members of the Indo-Spanish Chamber of Commerce

Opinion of the Members of the Indo-Spanish Chamber on the impact of Covid-19. June 2020

High impact	67%
Medium impact	24%

Impact of Covid in their turnover

Decrease in turnover	54%
Lowering annual target	44%
Unknown impact	40%
No impact	2%
Others	14%

Steps taken by the businesses for their stakeholders

Virus awareness campaign for employees	36%
Financial support initiatives	18%
Distribution of medical kits for employees	16%
Business advice	24%
Logistics support	6%

Type of support expected from the Indian Government

Tax relief, reduction of imports duties and extending deadlines for submission	29
New modes of doing business: home office, videoconferencing, faster and cheaper internet and helping maintain employment	27
Implementation of measures to avoid the spreading of the virus	20
Ensuring business continuity of SMEs, improving the liquidity and cash flow from banks, financial institutions etc.	18
Improving detection facilities by training the force to conduct test	15
Supporting the resumption of international flow of goods to minimise disruption in supply chain	14

Source: Indo-Spanish Chamber of Commerce

below euros 2.5 million, restricting exports to India of colour TVs or forbidding imports of specific products from the defence sector.

Although these measures will affect the participation of Spanish consultancy companies in Indian projects and exporters of final products,



Interior of a shopping mall in Jaipur.

they will not have an impact on the companies established in India that are already producing and selling directly within the country, or the companies collaborating with the Indian successful bidders. There is still a huge opportunity to participate in the Indian growth of companies of machinery and tools, ancillary industries and with a high degree of technology. Getting established in India is essential for Spanish companies to make the most of the opportunities offered by the growth of the Indian economy.

However, the current pandemic has also highlighted new sectors in which important bilateral opportunities and synergies are emerging. In the

field of health, ICEX and the economic and trade offices of India have promoted the participation of Spanish companies in the new needs for products and medical technology caused by the pandemic in India. They have organised two direct virtual missions addressing “Health needs due to COVID-19” and “Medical Technology”. On the other hand, the new demand of Indian consumers in the field of food hygiene, caused by COVID-19, leads Spanish companies to participate in technology for the food industry and for its packing and packaging.

To support the recovery, both countries have prepared a series of measures that entail an



Mask production factory in Pune.

unprecedented investment in the economy. In India, the different economic stimulus packages implemented to address COVID-19 reach 10% of the GDP (Ministry of Finance, 2020). In the case of Spain, the “Recovery, Transformation and Resilience Plan” for 2021-2023, with the distribution and execution of euros 72 billion from the EU, will be mainly focused on digitalisation and ecological transition projects, 33% and 37% respectively, thus generating innovation and collaboration opportunities in sectors like digital economy, sustainability and urban development (Presidency of the Government, 2020).

3.5.

Corporate similarities between Indian and Spanish SMEs and family businesses

Indian small and medium companies contribute almost 30% of the Indian GDP, with 45% of the total industrial production and 40% of exports and employs more than 120 million employees (Ministry of Micro, Small and Medium Enterprises, 2019). In Spain, 99.9% of the companies are SMEs, generating 66.4% of the total jobs and contributing 51.1% of the total exports (Ministry of Industry, Trade and Tourism, 2019). India ranks third country in the world in terms of number of family companies, contributing more than 70% of the national GDP (Credit Suisse, 2018; Confederation of Indian Industry, 2019). In Spain, 88.8% of all the companies are family companies, and it is the European country with the largest

presence of these companies, employing more than 6.58 million workers and contributing 57.1% of the GDP of the private sector (Family Business Institute, IEF, 2020). The backbones of the Spanish and Indian economies are therefore their SMEs and family companies.

These similarities between Spanish and Indian companies in terms of size and shareholder control offer an opportunity for partnerships, whose great potential has not yet been explored. The corporate similarities facilitate the negotiation and organisational integration of bilateral joint ventures and create strategic synergies, since the objectives complement each other –they facilitate the growth of Indian companies and the internationalisation of Spanish companies. The matchmaking of the Spanish and Indian companies is perfect. However, for this union between Indian and Spanish companies to be possible, it is necessary to facilitate sectoral platforms promoting business knowledge and exchange, such as the Spain-India Forum promoted by the Spain-India Council Foundation, or the different business meetings promoted by ICEX and the economic and commercial offices of the Embassy of Spain.

The complications of creating partnerships between two business fabrics that are hardly interconnected makes the work of companies offering strategy and operations consultancy services, financial support or legal advice essential, such as numerous members of the Indo-Spanish Chamber of Commerce like **Agrupa** –human resources consultancy–, **PSL Chambers** –legal consultancy– or **CaixaBank** –financial services. CaixaBank is a clear example of support to the activities of Spanish companies in India, both for foreign trade and investments and establishment projects, as well as for Indian companies with businesses or interests in Spain (See Case 7). Other organisations offer these services from outside India, such as **Cuatrecasas**, which advises

Spanish investors who decide on the Indian market, or Indian investments in Spain, through the India Group formed by different professionals of the company in the offices of Spain, Portugal, London and New York.

There are numerous examples of partnerships between Spanish and Indian SMEs. These include the company Tikidan, a joint venture formed by the company from La Mancha, **Danosa**, and the Indian Tiki Dar, with a factory in Mumbai. It is noteworthy for its solutions for waterproofing major infrastructure projects in India, such as terminal 2 of the Mumbai Airport or the metro of Chennai. The company from Murcia of irrigation and filtering systems, **Azud**, set up a joint venture in 2006 with the Indian company of irrigation engineering, Harvel, for the design, manufacturing and installation of irrigation systems for agriculture, with a production plant in the state of Haryana. Or the group **Savera**, of the lift sector, which set up a joint venture in 2006 to enter the local market.

Similarly, Spanish family companies have found synergies with local companies to enter the Indian market. The company from Valencia, **Miarco**, a family company specialised in technical tapes and adhesive solutions, set up a joint venture with the Indian PPM Industries, thus creating the company Trustin Tape. After opening its production centre in Gujarat in 2018, it has become the first and only manufacturer of masking tape in India. The family company **Simon**, which entered the South-Asian market in association with Indo Asian Fusegear to launch its factory in Haridwar, has also contributed its technological solutions in illumination to several Indian infrastructures, the main ones being the Metro of Delhi or the International Airport of Varanasi. The family company from Andalusia, **Grupo Torrent**, which work in locking solutions and corks, with a production centre of 8,800 m² in Jaipur, also created Alisha Torrent Company (ATC) in 2012, in collaboration with the Indian company RJ Corp.

CASE 7

Caixabank, reference bank for the Spanish companies in India

CaixaBank has been present in India since 2011, when it opened its Representation Office in the city of New Delhi. As part of CaixaBank's International Bank network, the main objective of its Representation office in Nueva Delhi is to boost the local communication channels between CaixaBank and the local authorities and financial institutions. It supports and accompanies the bank clients in the country, for their activities in foreign trade and investment and establishment projects, as well as Indian companies with businesses or interests in Spain.

The relationship of CaixaBank with India was strengthened in 2016, when the bank signed a **Cooperation Agreement with the State Bank of India (SBI)**, making the SBI a strategic banking partner for CaixaBank in the region. This agreement opened up different areas for cooperation, with the aim to promote international trade and support the economic development and financial inclusion of the country. With partnerships of this kind, CaixaBank helps create business opportunities between Spain and India, boosting job creation in both countries. Also, in 2016, CaixaBank was one of the

founders of the Indo-Spanish Chamber of Commerce (ISCC).

Ever since the representation office was opened in India, CaixaBank has consolidated as a **reference bank for Indian banks and Spanish companies in the country**, with market shares in services and products that grow year after year. It is worth highlighting the growth in the market of issuance and reception of Letters of credit, and in the market of issuance of Bank Guarantees. CaixaBank has also strengthened its services of foreign trade and commercial banking in the region.

During its nine years in the country, CaixaBank has participated in **several high-profile projects led by Spanish companies of all sectors**, including infrastructures, power or services. In 2020, it became the gateway to India for a Spanish company specialised in environmental management, with a project that turned out to be one of its largest projects in terms of turnover. CaixaBank has also offered financing to several Indian companies.

With regards to **sustainable financing**, in 2018, CaixaBank financed the installation of 30 air turbines in a wind farm in the Indian region of Tamil Nadu, which turns the natural energy of the wind into electricity,

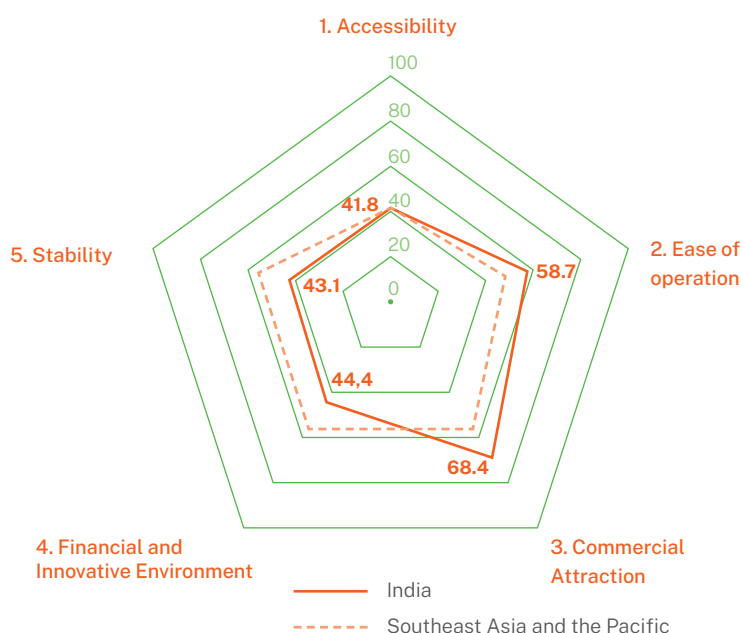
which is supplied to this area in the south of the country. This project also contributes to revitalising the local economy and to creating jobs, prioritising the recruitment of people in a vulnerable situation. In addition, this project helped CaixaBank to offset the CO2 emissions generated as a result of its activity. In 2018, it became the first Spanish bank of the selective Ibex-35 to completely offset its carbon footprint.

CaixaBank and the Spanish companies that have recently boosted their internationalisation process in the Asian continent have benefitted from the increasing attractiveness of India for the business fabric over the past few years. In the CaixaBank Index for Business Internationalisation (2019), which classifies foreign countries according to their internationalisation potential for Spanish companies, India ranks among one of the **best economies of the Southeast Asia and Pacific region** (see Illustration 25).

ILLUSTRATION 25 / Caixabank Index for Business Internationalisation (2019)

Pilars (2019)

(Min. 0, -Max. 100)



Note: Breakdown of the ICIE according to the different pillars and regional comparison

ICIE – Regional Comparison (2019)

China	69
South Korea	68
Japan	65
Australia	58
Hong Kong	57
Singapore	56
India	55
Thailand	46
Malaysia	46
Indonesia	43
Vietnam	40
Bangladesh	32
Sri Lanka	23

Sub-Pilars (2019)

Top		Tastes similar to Spain Investment Relations with Spain Capacity for Innovation	Better		Capacity for Innovation Investment Relations with Spain Macroeconomic Stability
Bottom		Ease of Doing Business Distance, Communications & Agreements with Spain Macroeconomic Stability	Worse		Purchasing Power Infrastructures Institutional Stability

These corporate synergies can also be found in the opposite direction. Among other examples, in 2016 **Industrial Fagor** renewed its partnership with Jindal Stainless, the largest manufacturer of stainless steel of India, until 2021. The joint venture, which was set up in 2008, gave rise to the company Iberjindal, which became the first service

centre of the Indian company in Europe. The company from the Basque Country of electrical devices, ZIV, with a production plant in Bangalore, entered India in 2010 in association with the Indian company Crompton Greaves (CG), subsidiary of the multinational Avantha, which in 2012 acquired the entire share capital of the company from Vizcaya.

3.6.

Complementarities of the bilateral industrial fabric in the value chain

Spanish companies have successfully shown their complementarities with the Indian industrial fabric over the last years. On the one hand, Spanish machinery and auxiliary products have proved essential for the optimisation of the Indian industrial value chain. On the other hand, Spanish technology and innovation have been a strategic ally for its modernisation. The Spanish companies' commitment with the Indian economy and value chain is reflected in the great number of production centres that Spanish companies have established throughout the whole country to provide for the local market. Spanish companies not only participate in the Indian value chain, they also invest in it. 55 Spanish companies have 92 production centres of their own across the whole Indian territory (see Illustration 26). In the light of the new challenges that the Indian manufacturing companies have to face in supplying the value chain as a consequence of the current geopolitical disputes, this partnership is proving more relevant than ever.

The presence in India of Spanish companies of the machinery sector is a great example of that complementarity. Many Spanish companies equip the Indian industrial value chain with the optimal machinery for their production lines. Many of them manufacture in India, such as **Jaso**, with a production centre in Kolkata; **Verdés**, whose only production centre outside Spain is in Hosur (Tamil Nadu); **Hedisa** with its only production plant outside Europe in the same Indian locality, or **Bellota Agrisolutions**, with a factory in Nashik specialised in the innovative boron steel disc. Other Spanish companies of the sector are also present in India, including **Fagor Automation**, **Gamor**, **Juaristi** or **Nicolás Correa**.

ILLUSTRATION 26 / Location of 92 production plants of 55 Spanish companies in India

Industrial hubs	
Pune	19
Chennai	17
Bangalore	12
Delhi	11
Gujarat	7
Uttarakhand	6
Mumbai	4
Umbergaon-Aurangabad Axis	4
Hyderabad	4
South-West Triangle	3
Central Triangle	3
Kolkata	1
Jaipur	1

Source: Data retrieved from the annual reports and company websites

	Spanish company	Production plants	Total
1	Afher Eurobelt	Bangalore (1)	1
2	Ampo	Coimbatore (1)	1
3	Bellota Agrisolutions	Nashik (1)	1
4	Biotoools Biotechnological & Medical Laboratories	Bhopal (1)	1
5	Blendhub	Chennai (2)	2
6	Bossar Packaging	Mumbai (1)	1
7	Chemo, Insud Pharma	Hyderabad (1)	1
8	CIE Automotive	Pune (7), Bangalore (4), Pantnagar (2), Rajkot (1), Nashik (1), Rudrapur (1), Zaheerabad (1), Coimbatore (1), Haridwar (1), Aurangabad (1)	20
9	Cikautxo	Pune (1)	1
10	CIPSA Circuits	Tumkur (1)	1
11	Danosa	Mumbai (1)	1
12	Digipoces	Bangalore (1)	1
13	Ebro Foods	Taraori (1)	1
14	Ekin	Gurgaon (1)	1



Technology park in Pune, one of the main industrial hubs in India.

15	Ferro Performance	Pune (1)	1
16	Ficosa	Pune (1)	1
17	Frenos Iruña	Kanchipuram (1)	1
18	Gestamp	Pune (2) & Kanchipuram (1)	3
19	Glual Hidráulica	Kanchipuram (1)	1
20	Gorlam Team	Coimbatore (1)	1
21	Grupo Antolín	Pune (1), Chennai (1), Gurgaon (1), Bangalore (1), Sanand (1)	5
22	Grupo Torrent	Jaipur (1)	1
23	Hedisa	Hosur (1)	1
24	Hine Renovables	Thiruvallur (1)	1
25	HRS Heat	Pune (1)	1
26	Iberchem	Ahmedabad (1)	1
27	Industrias Barga	Chennai (1)	1
28	ITP	Hyderabad (1)	1
29	Industrias Químicas Kupsa	Pune (1)	1
30	Infracsa	Pune (1)	1
31	Ingeteam	Chennai (1)	1
32	Insud Pharma	Hyderabad (1)	1
33	Lasenor Emul	Nagpur (1)	1
34	Laulagun Bearings	Chennai (1)	1
35	Mahou	Bhiwadi (1)	1

36	Maier	Gurgaon (1)	1
37	Mespack	Mumbai (1)	1
38	Miarco	Gujarat (1)	1
39	Miju	Pune (1)	1
40	Mondragon Assembly	Delhi (1)	1
41	Rafael González	Bangalore (1)	1
42	Roca	Delhi (3), Chennai (3) & Indore (1)	7
43	RPK	Pune (1)	1
44	Savera	Mumbai (1)	1
45	Siemens Gamesa	Nellore (2), Halol (1) & Mamandur (1)	4
46	Simon Holding	Haridwar (1)	1
47	Sistema Azud	Delhi (1)	1
48	Talleres Felipe Verdés	Hosur (1)	1
49	Talleres Jaso	Kolkata (1)	1
50	Torrecid	Gujarat (1)	1
51	Tubacex	Umbergaon (1)	1
52	Walter Pack	Gurgaon (1) & Pune (1)	2
53	Windar Renovables	Halol (1) & Chennai (1)	2
54	Zahonero Virgili	Noida (1)	1
55	ZIV	Bangalore (1)	1

Source: Prepared by the authors

Another sector in which this synergy in the value chain is also present is steel and smelting. In 2019, the company from the Basque Country **Sarralle** installed a LRF (Ladle Refining Furnace) Rourkela Steel Plant, Odisha, of the Steel Authority of India, and participated in developing five LRFs for the two steel plants of Rungta Mines in Jharkhand and Odisha. **Fagor Arrasate** has installed a high-tech servoblanking line for the factory of Mahindra Auto Steel in Pune, as well as a cut-to-length line for Tata Steel in its factory of Kalinganagar. In 2020, Grupo Mahindra ordered from the Basque company **Loramendi** the development of a new plant engaged in the production of casings for gearboxes and for differentials, as well as smelting pieces for the crankcase. As a last example, the factory of Lava Cast, a joint venture

formed by the company from Valladolid **Lingotes Especiales**, in association with the Indian Setco Automotive, was inaugurated in 2016 in Halol (Gujarat).

It is also worth highlighting the contribution of the Spanish companies of chemicals to the India value chain, which have found an optimal market niche in the South-Asian country. Prominent among these are the company from La Rioja, **Kupsa**, and from Catalonia, **Ferro Performance**, which have a factory in Pune and Chennai, respectively. This last one also has a technical centre for research and development, both in Chennai and in Pune. In the field of the petrochemical industry, the company from the Basque Country, **Ampo**, announced in 2020 that from its factory

IN DETAIL 9

Synergies in the automobile industry

The relation of the Indian companies of the automotive sector with Spain does not only come from the major Indian automobile manufacturers like **Mahindra** or **Tata Motors**, which sell their models in the Spanish market, including Tata Motors' Jaguar and Land Rover, but also from important Indian groups from the automotive components sector. These organisations include **Sanjeev Group**, a family business that acquired the component manufacturer Brimo as its purchase centre in Europe. The company SMP Automotive Technology, owned by the Indian multinational **Motherson**, has five factories in Spain -three of

them in Catalonia-, in addition to another two in joint ventures with the Spanish company CEFA. The parent company **Motherson**, on the other hand, has two more plants in Zaragoza and Barcelona, which makes a total of nine plants in Spain. It is also worth highlighting the case of participation in the Spanish industry of the Indian company **Brahm Corporation**, which completed the projects "New developments of automotive parts" and "New developments of industrial vehicle parts" in its factory of Manzanares, Ciudad Real, in 2018 and 2019 respectively, thanks to the assistance of ICEX, co-financed by the ERDF.

This is also the case for the major Spanish companies like **Grupo**

Antolin, present in India since 1996, which has five production plants of its own in Bangalore, Chennai, Pune, Sanand and Vijayawada. The company from Burgos also formed a joint venture in 2004 with the Indian company Krishna Group for its factory of Gurgaon. The company from the Basque Country **Gestamp**, with three production plants in India, inaugurated its first hot stamping plant in the South-Asian country in 2017, with its own technology that allows increasing security while lightening the weight of the vehicle.

A clear example of synergies through joint ventures is **Mahindra CIE Automotive**, formed by the Spanish CIE Automotive and the Indian

in Coimbatore –an exact replica of its plant in Idiazabal– it will supply cryogenic ball valves for the LNG terminal (Liquefied Natural Gas) that the Indian company Adani is building in the Dhamra Port (Orissa), as well as severe service angle valves for the public company NALCO (National Aluminium Company Limited).

A sector that has proven to have a bidirectional complementarity is the automotive industry, where the major Spanish component companies, like Grupo Antolín, Gestamp or CIE, have different factories in the main Indian industrial hubs, either with subsidiaries or joint ventures with local partners, the same as important Indian companies in Spain, like Motherson or Brahm Corporation (see In Detail 9). India is the fourth global power

in the automotive industry, contributing 7.1% of the GDP and with an annual output and exports growth of almost 15% (National Investment Promotion and Facilitation Agency, 2020). In Spain, the automotive sector accounts for 10% of the GDP, and 19% of the total exports. It is the second largest manufacturer of automobiles of Europe, first in commercial vehicles, and its chain of provision to the industry is integrated by more than 1,000 component and equipment manufacturing companies (ICEX, 2019) (see Illustration 27).

Mahindra & Mahindra, which currently has twenty production centres in India, more than half of which can be found between Pune (seven) and Bangalore (four). Another case of strategic alliance between Spain and India in the automotive sector is the joint venture **Tata Ficosa Automotive**, formed in 1998 by the Catalan Ficosa, with a technological centre in Hyderabad, and the Indian giant of the automotive industry Tata. They jointly design and manufacture hi-tech products for the automotive and mobility industry in their plant of Pune. In 2011, the company of automotive components from the Basque Country, **Maier**, also established a joint venture with its Indian partner **UM Group**, thus constituting **Alpha**

Maier, with its own factory and technological centre in Gurgaon.

These synergies between Spain and India in the automotive industry have led to the participation of other Spanish companies in the Indian value chain, like the company from the Basque Country **Cikautxo**, of Grupo Mondragón, or the company from Aragón **Miju**, which develop rubber and plastic products for the automotive industry in their respective plants of Pune; the Basque **Ekin**, which manufactures broaching machinery and hi-tech lamination for the automotive industry in its own centre of Gurgaon, or the company from Alava, **RPK**, which manufactures springs from its plant in Shirwal (next to Pune). The opportunities

of the automotive Indian sector have also fostered partnerships between Spanish companies like Grupo Antolín and **Walter Pack**, Basque company of automotive components with a production plant in Gurgaon and Pune, who formed a partnership at the end of 2018 with the aim to develop integrated products of high technological component in the sector. Finally, regarding the provision of services to the automotive industry in India, **Applus+Idiada**, engages in the testing and approval of vehicles in its three offices located in Delhi, Chennai and Pune.



Automobile production plant in the state of Maharashtra.

ILLUSTRATION 27 / Automotive industry in India & Spain

Contribution to the GDP

Automotive Industry (% GDP) in 2019	Spain	India
	10%	7.1%

Production of vehicles

Total Production in 2019, in units	Spain	India
	2,822,632	4,516,017

Export of vehicles

Total exports in 2019, in units	Spain	India
	2,310,070	777,244

Exports (% of total exports) in 2019 19 4.3

Source: Prepared by the authors with data from: Spanish Association of Automobile and Truck Manufacturers; International Organization of Motor Vehicle Manufacturers; National Investment Promotion & Facilitation Agency (Invest India); Society of Indian Automobile Manufacturers.

Spanish companies that participate, among others, in the value chain of the automotive sector in India

	Company	Production plants
1	CIE Automotive	20 in total: Pune (6), Bangalore (4), Pantnagar (2), Rajkot (1), Nashik (1), Rudrapur (1), Zaheerabad (1), Coimbatore (1), Haridwar (1), Aurangabad (1)
2	Cikautxo	Pune (1)
3	Fagor Arrasate	
4	Ficosa	Pune (1)

5	Frenos Iruña	Kanchipuram (1)
6	Gestamp	3 in total: Pune (2) & Kanchipuram (1)
7	Grupo Antolín	6 in total: Pune (1), Chennai (1), Gurgaon (1), Bangalore (1), Sanand (1) & Vijayawada (1)
8	Idiada Automotive Technology	
9	Lingotes Especiales	Ahmedabad (1)
10	Loramendi	
11	Maier	Gurgaon (1)
12	Miju	Pune (1)
13	RPK	Pune (1)
14	Walter Pack	Gurgaon (1) & Pune (1)

Indian companies that participate, among others, in the value chain of the automotive sector in Spain

	Company	Production plant
1	Brahm Corporation	Ciudad Real (1)
2	Tata Group (Tata, Jaguar & Land Rover)	
3	Mahindra & Mahindra	
4	Samvardhana Motherson Peguform	7 in total: Barcelona (3), Zaragoza (2), Palencia (1), Teruel (1)
5	Sanjeev	Barcelona (1)

Source: Prepared by the authors from data of the companies

3.7.

The new frontier of entrepreneurship in the digital era

India is a global hub for scientific intelligentsia and entrepreneurial initiative, with both outstanding companies at global level in the field of communication technologies and with the main professionals of the sector, such as Sundar Pichai in Google or Shantanu Narayen in Adobe. The Indian ecosystem is therefore ideally suited for creating startups, thanks to the soundness of its technological sector, the excellent scientific training of its professionals, the market needs and the attraction of foreign investment. India is currently the third largest startup ecosystem in the world, with more than 50,000 startups and a capacity to double them by 2024 (Department for Promotion of Industry and Internal Trade, 2019). Main clusters are mostly found in Bangalore and Gurgaon, as well as in Mumbai and Hyderabad. There are numerous private initiatives for startup accelerators, like Flipkart Leap, controlled by Walmart, or Oracle Cloud Startup Accelerator, by the multinational Oracle. India ranks fourth in number of unicorns with 21, term coined by the American Aileen Lee for startups valued at over euros 1 billion (StartUps Real, 2019). PayTm, Oyo Rooms, BIJU's and Ola Cabs are the most valued startups (Hurun Research Institute, 2020). In 2019, India ranked the Asian country with the highest entrepreneurial rate (Global Entrepreneurship Monitor, 2020).

1,373 startups were founded in Spain in 2019 between Barcelona and Madrid. The Catalan capital was the fifth European city in number of entrepreneurial initiatives linked to technology, with 796. In 2019, Spanish startups succeeded in adding USD 1.340 billion in investment, ranking sixth in the list of the ten first European countries in technological development and business, behind the United Kingdom, Germany,

France, Sweden and Switzerland (Atomic, 2019). In 2019, 205 operations with startups were reached, of which foreign investment accounted for more than 60% of the capital invested in the Spanish startups. Two Spanish startups –Cabify and Glovo– have reached over USD 1 billion in investment, thus becoming unicorns. Investments in startups are growing in Spain and are increasingly attracting foreign funds.

The current context is accelerating the growth of the digital economy at a global level. On the one hand, the COVID-19 pandemic has accelerated e-commerce, and India has become one of the most prominent countries in this regard. Indian e-commerce will account for 8% of the total retail trade by 2025 (Technopak, Livemint, 2020). This huge potential has encouraged the major retail companies of the world – Walmart and Amazon– to transfer their global competition to India, where they will find fierce competition with the local company, Reliance Jio, in partnership with Facebook and Google. On the other hand, in this context of geopolitical disputes between China and India, the Chinese digital economy continues growing in leaps, while it progresses in the consolidation of the Digital Silk Road. Given its innovative ecosystem of startups, China has become the second largest creation hub of unicorns in the world (227), second only to the United States (233). The Digital Silk Road, as well as its implications for cyberspace, has a significant economic and political impact for India.

The commitment for commercial self-sufficiency and economic growth in the digital economy offers Spain and India an opportunity for partnerships and synergies, as several initiatives show. Regarding bilateral public initiatives, in ICEX's third call of the Rising Startup Spain programme in 2018, which targeted attracting foreign talent and international startups to Spain, the requests from India were the most numerous for the

second consecutive year, accounting for 25% of the total requests, doubling the ones received in 2017. They involve projects for smartphone apps, e-commerce, financial technology or software services promoted by entrepreneurs from Delhi, Bangalore, Mumbai or Hyderabad. Bilateral private initiatives include **Airbus** and the Indian startup Traxof Technologies, which collaborate in the automatization of the talent acquisition process for organisations of management information of Airbus in India and Europe.

ILLUSTRATION 28 / Startup ecosystem in India & Spain

	Spain	India
Number of startups in 2018	4,115	More than 50,000
Number of unicorns in 2020	2	21

Source: Mobile World Capital; Department for Promotion of Industry and Internal Trade; Hurun Research Institute

Investment in Indian and Spanish startups between 2016-2019, in billion USD			
Indian startups		Spanish startups	
2016	2.1	2016	0.7
2017	3.1	2017	1
2018	6.5	2018	1.4
2019	7.9	2019	1.3

Source: Indian Private Equity & Venture Capital Association - Ernst & Young

Source: El Referente

Ideas and proposals for the revitalisation of business relations and entrepreneurship

Spanish and Indian companies have started to get to know each other quite late compared to the European business fabrics. However, the corporate similarities –i.e. a great presence of SMEs and family companies–, the complementarities in the value chain –in which Spanish products and technologies have proven to be an ally for the modernisation of the Indian industry– and strategic synergies –Indian companies seek to grow while the Spanish companies seek to consolidate their internationalisation– have shown that the collaboration of both business fabrics are a beneficial scenario for both countries.

The current geopolitical situation, which is generating opportunities to participate in the Indian supply network and value chain; the COVID-19 pandemic, which is placing value on the Spanish technology in fields like health and food industry; and the future recovery plans, which focus on sustainable proposals and digital economy, lead to explore new sectoral collaboration opportunities. To make the most of these opportunities, it is necessary to continue building up a network of institutions, platforms, actions and programmes that put the companies of both countries in contact. This strategy requires a commitment to disseminating mutual knowledge in the digital field and to virtual exchanges.

The measures compiled in this process of joint reflection, which could make the most of these synergies, complementarities and opportunities to support the creation of a robust bilateral business fabric, include:

1. It would be necessary to continue with **the support for Spanish companies provided by the economic and commercial offices,**

especially all those initiatives that promote and stimulate bilateral business relations such as business meetings or other fora aimed at facilitating relations and exchanges between companies from both countries, like the CEO Forum that offers companies a voice in the official dialogue between the two countries. In the same way, it would be convenient to increase the frequency of meetings of the mixed economic and trade commission, which represent a consolidated platform for negotiation and continuous dialogue between both countries aimed at reducing the main obstacles that companies face in their bilateral relationship.

2. The creation of the Indo-Spanish Chamber of Commerce, first and only bilateral chamber recognised as an official chamber, has been a landmark in our bilateral business relations and an essential tool given the complexity of the Indian economic environment. However, the delay in the setting-up of this bilateral chamber compared to the other European countries, whose bilateral chambers have a much more consolidated position, requires **the support of a solid growth of the Indo-Spanish Chamber of Commerce** to strengthen its structure as a business bridge between both countries and to favour the support of the internationalisation of Spanish companies. It would be advisable to promote its expansion in India by creating delegations in the main industrial hubs –including Mumbai, Bangalore and Chennai–, as well as its promotion in Spain, by encouraging its presence in bilateral events in Spain, in coordination with the Spain-India Council Foundation, and its cooperation through collaboration agreements with the main Spanish sectoral associations, like the ones they have already made with the Spanish Food and Drink Industry Federation (FIAB). The creation of the Indo-Spanish Chamber

of Commerce has been possible thanks to the initiative, drive and commitment of a number of professionals who have selflessly promoted it. It would be positive to **acknowledge the work of the founding team of the Indo-Spanish Chamber of Commerce.**

3. The little connection between business fabrics and the mutual lack of awareness between the business world of both countries prevent more partnerships, agreements and collaborations from being created between both countries. It is essential to promote **hybrid bilateral platforms of sectoral matchmaking like the Spain-India Forum**, promoted by the Spain-India Council Foundation, which favour the knowledge, exchange and collaboration between sectoral business fabrics by combining prior virtual meetings of organisational contacts with business and technical face-to-face visits.
4. SMEs and family companies of both countries, pillars of their respective economies, have an enormous unexplored collaboration potential. It would be advisable to **institutionalise the exchanges between the SMEs associations and family companies** of both countries, like the Family Business Institute or the Spanish Confederation of Small and Medium Companies, including the participation in bilateral meetings or platforms, like CII SME Global Business Summit or CII Family Business Network, both organised by the Confederation of Indian Industry (CII).
5. Sectors like renewable energies or automotive components are examples of the dragging effect that establishing major Spanish companies in India has for Spanish SME suppliers. Numerous SMEs have been set up in India to continue participating in the supply chain of these major companies in the local market. Thanks to this internationalisation,

they have been able to find new growth opportunities in the Indian market. It is advisable to create the frameworks **for the promotion of internationalisation in India of the major companies that favour the dragging effect for Spanish SME suppliers**, including the participation of the major companies that are not present in India in the high-level business delegations.

6. The new economic situation caused by the geopolitical context; the growth plans in the digital field and sustainability, as well as the health and hygiene needs derived from the pandemic, offer new opportunities for the participation of companies in the Indian economy. There are numerous strategic sectors with an enormous capacity for collaboration, in which these opportunities have not been met yet. It would be advisable to carry out a **comprehensive sectoral strategy in fields like digital economy, urban development, sustainability, water resources, food industry or state-of-the-art machinery** –including packaging and packing and machine-tools– to promote the participation of Spanish companies in the main fairs, the creation of bilateral sectoral matchmaking platforms and the generation of specific activities to promote the Spanish technology and innovation.
7. We have to continue committing to **expanding the boundaries of collaboration with joint projects and initiatives in those sectors in which synergies are obtaining very positive results for both countries**, like automotive components. As an example, we could promote the collaboration in bilateral technology and innovation projects that allow a transition towards electrical and sustainable vehicles.
8. The lack of bilateral knowledge of the country brands makes it advisable to create **campaigns of digital promotion with high impact in social media and e-commerce platforms that consolidate the Spanish brands in India**. These should highlight the traits linked to innovation and technology – following the model of Germany Land of Ideas or UK Innovation is Great–; associate Spanish companies to successful entrepreneurs and businessmen through audio-visual content, i.e. interviews or presentations; disseminate the important projects in which the Spanish companies have participated in India; promote a better access and positioning of Spanish products in e-commerce platforms; and promote the creativity, design and quality of the Spanish products, especially in areas of strategic interest like gourmet products, fashion, decoration or perfumes and cosmetics.
9. The interaction in the field of digital economy is still a pending issue. It is necessary to **connect the startup ecosystems** following the model of French Tech in India, by creating knowledge bridges through bilateral events and activities; developing joint programs that generate synergies between startups of both countries and facilitating the mutual digital knowledge in fields like apps for mobiles or e-commerce.
10. Sectors like information technology and the pharma industry have shown that Indian companies can participate in the Spanish economy and use their establishment in Spain to enter the European market and to centralise the strategic and operations management for Latin America. India and Latin America do not need Spain to make businesses. However, Spain offers a strategic position to Indian companies to directly access the European market, a structure of unparalleled support for their operations in Latin America, a highly competitive low operating cost at

European level and a high quality of life, as well as health and educative services for the expatriate workers. It would be appropriate to **emphasise Spain's comparative advantage as strategic and operations centre for the EU & LATAM** –which has not yet been discovered in India–, during the activities of promotion to Indian investment in Spain, including the participation of professionals that are already performing those duties in the promotion activities of Indian investment in Spain.

*The proposals and ideas contained in this working paper do not necessarily reflect the position of the Spain-India Council Foundation, nor that of its trustees, nor that of the Indo-Spanish Chamber of Commerce, nor that of any of the entities or persons that have contributed to this exercise.

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