

MINI DOSSIER INDIA-POLAND



MAKE IN INDIA

- Megaplan for the subcontinent
- New perspectives for Indian and European business
- Opportunities in Indo-Polish relations



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MAKE IN INDIA

On the surface it might seem that Poland and India don't really have much in common. Statistics and history at first glance do not speak in favour of the development of mutual relations based on synergy potential. India is the Asian subcontinent, an area ten times larger than Poland, with a population today exceeding 2.5 times the number of EU citizens. Poland is only 38 million people, as many as the Indian state of Rajasthan, one of the 29 states and 7 territories of the Indian Union.

Poland, however, is much closer to India than it seems, because the people are similar. Common features include: smartness, resourcefulness and entrepreneurship, as well as centuries of experience of struggling against foreign influences. Diplomatic relations between the two countries date back to the 1930s and were officially established in 1954. **The 60th anniversary of cooperation between the two countries, which was recently celebrated, gives us the opportunity to reassess the relationship.**

Poland and India are also connected by business. There are several sectors with particularly promising entrepreneurs from both countries: energy, information and communication technologies, BPO services, food industry, health industry, chemical industry and the luxury goods market. Two years ago PM Narendra Modi came to power in India. For years he had been talking about Gujarat state and the acute need to support entrepreneurs and innovators and promote a favourable image of the country globally. His comprehensive plan of reforms that began in the subcontinent in the second half of 2014 falls under the slogan "Made in India," a campaign aimed to encourage global companies to shift production to the subcontinent. Bureaucratic barriers are being brought down, as are stereotypes of the Indian official as being anti-business. According to the prime minister, India is eliminating "red tape" and is laying out the "red carpet" for businesspeople.

Prime Minister Modi continues to seek to convince the world that India is an excellent business partner. Increasing foreign investment and capital inflows will enable a more dynamic economy, at the same time boosted by large public - including transport - corridors, a high-speed rail network, creating intelligent solutions in the cities and the construction of industrial centers with high energy efficiency.

The more India becomes stronger and more open the more the opportunities for Europe – and that includes Poland – will grow. This is a young consumer market and "hungry for success," mobile and seeking employment opportunities. In India, press readership and the middle class are both growing and people are open to new technologies and gladly accept foreign products, including luxury ones. Entrepreneurship, individual activity and coping in difficult times bring the two nations closer together. This is a great basis on which to build more intensive economic relations.

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Make in India

Ajay Bisaria | Ambassador of India in Poland and Lithuania

India has awakened. According to the report from *The Economist* published in February 2015, emerging markets are slowing down but the Indian subcontinent "has the chance to fly high blown by the wind of the global economy". The government of PM Narendra Modi has been introducing reforms to facilitate investment and production in India.

The new administration has to date introduced 14 systemic regulations to support business activity. Investors from 150 countries can get an Indian visa on arrival, without applying for it at home. The "Plug and play" rule enables implementation of infrastructure projects. New flagship programmes such as "Make in India", "Smart Cities", "Digital India", "Skills India" and "Clean India" bring many new opportunities to foreign investors. Among the announced facilities for business, the most important are: rationalization of employment restrictions, regulations on environmental protection and foreign direct investment, as well as the introduction of a "single window system" for new companies, which allows them to settle about 100 different issues online once handled by the central or local administration.

The reforms introduced in the manufacturing sector are innovative, but at the same time friendly to business. The aim of the new policy in this sector is to increase its share in GDP to 25 percent and to create 100 million new jobs over the next decade. In the "Make in India" programme the government puts strong emphasis on creating clusters of "smart" urban centers, as well as domestic and international "industrial corridors" (e.g. India-Myanmar).

The world is aware of these changes. The "Make in India" programme has already attracted the attention of large part of global companies. In January 2015, the value of foreign direct investments doubled, reaching almost \$4.5 billion, which means an increase of 36% compared to the previous year.

We would like to invite Polish entrepreneurs to join this process. Poland is currently the largest trading and investment partner of our country in Central and Eastern Europe. The trade turnover has exceeded \$2 billion and Indian investment in Poland has reached \$3 billion. Polish solutions respond to the needs of the Indian market; the Polish government's program "Go India" matches the Indian program "Make in India." Poland is India's gateway to Europe, India for Poland is a gateway to Asia. Billions dollars worth economic opportunities are waiting for Polish companies in India's infrastructure projects (ports, railways, renewable energy and mining).

The Indian economy is ready for a two-digit growth.

Welcome on board, Polish companies.



"Make in India" Week in Mumbai

Tomasz Łukaszuk | Ambassador of Poland to India

Amid the global slowdown the Indian economy remains resistant to the negative tendencies. GDP growth of 7.5% in fiscal year 2015-2016, forecasts of further growth of approximately 7.5%-7.8% in the two next years, significant progress in the World Bank Doing Business rating, double-digit growth in foreign direct investments at a time when global markets are moving in the opposite direction – all of this is proof of the strength and sustainability of the Indian economy.

The Make in India Week, one of the key events of the coming year, is a great chance to have a closer look at the most important trends on the biggest South Asian market. The Department of Industrial Policy and Promotion and the Ministry of Commerce and Industry, the coordinators of the event, estimate that Mumbai – the business capital of the country – will host representatives from more than 1,000 companies and delegates from 60 countries.

The event will see presentations by the most innovative sectors of the Indian economy and by the Indian states. The exhibition area of the Make in India Centre will encompass more than a dozen pavilions and will focus on ten sectors of economy, including food processing, IT and electronics, infrastructure development, textiles and many others. There will be no better place to make contacts between potential investors and overseas partners in G2G, G2B and B2B formats.

This will be a unique opportunity to meet key decision makers and entrepreneurs from India, headed by Prime Minister Narendra Modi, and heads of economic ministries and state governments, including representatives of Maharashtra, Karnataka and Punjab, regions with which Polish business is already very familiar. Important European and world players will also be present. Among the exhibitors are Bosch, Volkswagen, Mercedes Benz, Nestle, Alstom, Larsen&Toubro, Huawei as well as many other leading companies.

There are also several attractive side events: a session on urban space planning and a hackathon – a hacking marathon devoted to the same issue. It is noteworthy that it is part of another flagship programme from the Government of India, i.e. Smart Cities. The Indian navy will show its design and manufacturing capabilities, there will be sessions on fashion, cinema and architecture, as well as many cultural events. Make in India week will have global coverage thanks to CNN Asian Business Forum, which will be part of the programme.

Polish entrepreneurs have a high-quality and competitive offer complementary to the needs of the local market in numerous sectors. From agriculture and food processing to coal industry – where we are a world leader in underground mining technologies and big player in coal gasification. From cutting-edge green technologies – part of the GreenEvo initiative – to the defence sector, where Poland and India have large common experience already. We are well prepared to compete on this exceptionally promising market.



→ **Poland has a long tradition of economic growth.** In the last 15 years its GDP has grown more than 300%. Since 1990 foreign companies have decided to invest more than 235 billion USD in Poland.

In 2013 a new company was registered in Poland every 29 seconds. The country is constantly rated as the most attractive investment location in Central and Eastern Europe and on a par with Germany.

We list a few of the main sectors that are the most important for Indian entrepreneurs in helping unleash Polish potential.

"GO INDIA"

For decades India has been struggling with high inflation, falling production and relatively low economic growth at 4.5% of GDP annually. The "Make in India" programme is the response of the new government to this difficult economic situation. Finding quick recipes to negative trends is crucial for India due to its growing population and the number of young people entering the labour market. According to the administration, it is about strengthening the manufacturing sector to enable India to achieve double-digit growth again.

The programme was announced in September 2014. Its purpose is to facilitate doing business in India for both domestic and foreign investors, creating a favourable climate for building production infrastructure. The programme aims to change the model of development of India from one based on services to intensifying production through absorption of human resources. It is estimated that the range of reforms introduced under the "Make in India" programme will increase the share of manufacturing in domestic GDP from 15% to 25% over the next decade and will bring India 10 million new jobs a year. *Indiom 10 milionów nowych miejsc pracy rocznie.*

SELECTED ACTIVITIES IMPLEMENTED WITHIN THE PROGRAMME

- Identifying 25 priority sectors in which India can become a world leader.
- Creation in the administrative structure of a special Investment Service Centre, whose main tasks are: to accelerate administrative procedures for businesses, support entrepreneurs in all phases of the investment process and support information provided by the portal "Made in India". The centre monitors progress in enabling investors in different parts of the administration and sets up meetings with officials.
- Introduction of electronic handling of the process of obtaining industrial licenses via the internet platform available 24 hours a day, without the human factor.
- Develop benchmarks, demonstrating the effective cooperation of the government and business in selected states of India and popularising them in other states.
- The introduction of deregulation on dual licenses for products applicable both in the defense civilian sectors.
- Extending the validity of industrial licenses from 2 to 3 years.
- Implementation of the possibility of obtaining a business visa for entry to India.
- Liberalisation of policies towards foreign investors.
- Creating "industrial corridors," i.e. places that will focus on production and investment, forming new production centers and logistic hubs.
- Implementation of big cities solutions with a "smart city" character.
- Signing of Memorandum of Understanding with China to promote cooperation between companies from both countries, including the development of industrial parks and cluster platforms in India. Establishment of a working group to coordinate the development of cooperation in this field.
- Creating educational paths for employees in the most promising sectors of manufacturing, for example the leather industry.

PRODUCTION IN INDIA

– FIVE PILLARS

❖ PILLAR 1

SIMPLIFICATION OF BUSINESS

- Simplifying access to the market
- Facilitating entry / exit
- Reorganization of administrative processes that support business
- Creation of online tools for information support

❖ PILLAR 2

LABOUR MARKET REFORM

- Reorganization of policies and support instruments
- Popularization of reforms in some states (Rajasthan, Maharashtra)

❖ PILLAR 3

LAND REFORM

- Amendments to legislation
- Making changes on the majority of states

❖ PILLAR 4

NEW LEVERS OF CHANGE

- Development of workers' skills
- Increasing access to energy
- Creating critical infrastructure: roads, ports, railways
- Creating "industrial corridors"

❖ PILLAR 5

LIBERALISATION POLICIES FOR FOREIGN INVESTORS

- Increase stakes to 100% in the case of investments in the transport sector
- Increase the stake from 26 to 49% in the case of investments in the defense sector, if the elements are new technologies.



→ Emerging markets are slowing but Poland is still the only country in the EU that survived the economic crisis with GDP growth. Polish industry and Poles' work ethic can be successfully combined with India's youthful market. Both markets can become each others' Gateway to a broader spectrum of partners. This is inevitable, the only question is how can India benefit from cooperation with a country that may join the G20 in 2022?



NEW TECHNOLOGIES

Poland has a great number of innovation and skilful entrepreneurs ready for cooperation. Poland's IT traditions date back to the first years of independence after communism, with brands such as Optimus, Asseco and Prokom creating the first levels of modernization for our emerging market. With every year the number of young innovators and startups gets higher.

Among Poland's strongest assets are: the quality of the education obtained at universities and politechnics, out-of-the-box thinking in areas that require the highest levels of creativity and, above all, enormous aspirations of becoming the Silicon Valley of Central-Eastern Europe.

THE BEST WORLDWIDE

There are already examples of Polish startups which have made their way straight to California. Beacons like Estimote, Oort and Kontakt.io are gaining popularity on the world market. Polish computer games attract the attention of gamers everywhere on the planet and even president Barack Obama when presented with "The Witcher 2" admitted that he knew it was a great example of Poland's place in the new global economy. It's a tribute to the talents and work ethic of the Polish people. In 2003, a young Polish computer graphic designer, Tomasz Bagiński, was nominated for the American Academy Award for Best Animated Short Film with his "The Cathedral".

70%

of major IT companies operating in Poland belong to foreign capital.

Source: Ministry of Commerce



The Polish IT sector is gaining constant traction. According to the Polish Information and Investment Agency, in 2011 the total income of the sector in Poland was PLN 31.3 billion. Most of this (57%) came from hardware sales, while 14% was generated by software sales and 29% by IT services (implementations, integrations, technical services, consultancy, training and outsourcing) sales.

A PLN 31.3 billion income means growth of 8.3% (PLN 2.3 billion) as compared to 2010. The growth is little lower than in the previous year (PLN 2.5 billion), but it means that the IT sector has stabilised. The market made up quite rapidly for the losses suffered in 2008 caused by the economic slowdown (only symbolic growth of sales was noted) and considerable (by PLN 0.9 billion) decrease in incomes in 2009.

LOCAL DEMAND AND HUMAN CAPITAL

Besides successful innovations on international markets and best-selling computer games, the Polish IT sector relies mainly on the public administration. One third of IT sales income in Poland is generated by 350 major companies. Their most important clients are the public administration and institutions as well as large companies (about 5,000). 22.6% of the incomes of the largest IT companies come from products and services sales to the administration. The next key clients are: the banking sector (15.7%, together with finance sector account for 21.3%), the telecommunications sector (15.4%) and the industry sector (9.7%).

Innovations are no longer geographically or politically confined

Abdul Kalam | former president of India, scientist, author of Indian nuclear programme

"Innovations are no longer geographically or politically confined. An invention made today takes no time to find its market thousand of miles away. The expansion of information and communication technology and the convergence of technological tools are structuring new world knowledge, where the problems of one part of the world can be solved by multiple experts based at different points of the globe."

Source: Dossier Polska-Indie, THINKTANK center, 2011

At the same time, hardware made in Poland as well as modern software developed by Polish companies are gaining growing recognition abroad. In 2010 hardware exports reached EUR 2.4 billion, which gives 90% growth as compared to two previous years.

The availability of highly qualified specialists is another of Poland's strong points. There are over 100,000 workers employed in the IT sector. Domestic companies have started operating on foreign markets: Asseco, Comarch and Ericpol are companies that have proven their reliability in Central and Eastern Europe.

FOREIGN INVESTMENT IN THE SECTOR

According to the estimates of the Polish Information and Foreign Investment Agency, about 70% of major IT companies operating in Poland belong to foreign capital. The largest global concerns such as Microsoft, HP, Google, Oracle, IBM or SAP have their branches here, which is a proof of the growing importance of the country on the map of the global IT sector. It is a very good sign of growing competitive for the rest of the region. Among Indian companies present here are such giants as Infosys and Zensar.

After 2009 the whole of Central and Eastern Europe became less interesting for FDI because of the financial crisis, but Poland managed to hold its ground as it was considered a place of innovation. Following changes in investment flows and increased M&A of IT companies in the region in 2012-2014 revenues are set to hit EUR 500 million. However, investors are cautious in making decisions: they look for smaller

companies in good financial shape, properly managed and with a stable and diverse group of clients.

Poland has a great availability of EU funding which makes us an interesting country for foreign investors. It is claimed to be the most effective state in using EU funds for IT project development. According to Pierre Audion Consultants, in 2015 Poland will be the second (after Russia) IT market in the region: growth in the IT services and software market in 2011-2015 is estimated to reach 7.2% per year.

The Polish Agency for Enterprise Development lists 12 clusters engaged in information technology. Four of them specialise in IT, the rest operate also in telecommunications (ICT clusters). The development of the IT sector - in Poland as well as worldwide - is also driven by innovations and new market trends.

Poles working in the ICT sector are becoming more open to cooperation with foreign customers and IT industry representatives, offering them the highest quality of products and services. They also support improvements in the Polish economy, which is based on the knowledge and experience of qualified professionals, united under the collective name of the Brand of Polish Economy and supported by the IT/ICT Business Promotion Programme funded from EU funds under the Innovative Economy Operational Programme. Its aim is to create new Polish brands that will be recognised all over the world and remain connected with their place of origin. Qualified employees, high quality of provided services, innovativeness, dynamic growth, and economic competitiveness are distinctive features of the Polish IT/ICT sector.



POLAND: THE “PROMISED LAND”

Poland has emerged as an important and dynamic market since the country began its transition to democracy and a market economy in 1989. Now its potential and access to the European Union can leverage businesses in all sectors.

With its 38 million inhabitants, Poland is the largest market of Central and Eastern Europe. After 11 years in the EU and a successful presidency in the EU Council in the second half of 2011, the country has become a recognised partner and reliable member of the united Europe. Poland's adoption of EU legislation has led to wide-ranging reforms in economic regulation, and reduced government intervention in the private sector. Reforms in areas such as financial markets, company and competition law, accounting, and intellectual property rights have improved the environment for private business and boosted economic growth.

The World Bank experts has started to write about a second “Golden Age” of the Polish Republic (the first was in the XVI century), and positive entrepreneurial vibes recall the atmosphere of the second half of the “industrial” 19th century, well known in the country thanks to a Polish literature classic and film by Andrzej Wajda: “Promised land”. Some local businesses such as Inglot (cosmetics), Selena (constructions), Fakro (windows) and Pesa (trains and trams) have grown and transformed into global companies.

CLIMATE FOR BUSINESS

In the latest edition of Doing Business 2016 ranking Poland moved up 3 places to 25th out of 189 economies. There was also a change in the distance to frontier measure with 1.07 points yoy. Starting a business in Poland now requires now 4 procedures and lasts 30 days, costs 12.20% of income per capita and requires a paid-in minimum capital of 11.40% of income per

capita. The longest part of the whole process is needed for filing company registration at the National Court Register, REGON, NIP, Statistical Office and ZUS, which takes up to 4 weeks. Other procedures can be closed within the first week of establishing a new entity. Globally, Poland stands at 85 in the ranking of 189 economies on the ease of starting a business.

Improvements from recent years include easier tax paying systems for companies by introducing an electronic system for filing and paying VAT and transport tax. Electricity access has also become easier, with utilities reducing delays in processing applications for new electricity connections by increasing human and capital resources and by enforcing service delivery timelines. Transferring property and trading across borders was made easier also. The former by introducing online procedures and reducing notary fees and the latter by implementing a new terminal operating system at the Port of Gdansk. Other recent improvements include eliminating the requirement to register a new company at the National Labour Inspectorate and the National Sanitary Inspectorate and making construction permits easier to obtain by eliminating the requirement to have a description of the geotechnical documentation of the land.

UNDERSTAND THE MARKET

The Polish market is characterised by wide population dispersion, with 25% living in rural areas and urban dwellers spread among a number of population centres including Warsaw and Lodz in the centre of the country, Krakow in the south, Wroclaw and

Poznan in the west, Gdansk and Szczecin in the north and Lublin in the southeast. Urban consumers generally have greater purchasing power than their rural counterparts. Personal contact with customer is critical and final purchasing decisions typically require a face-to-face meeting. Success in this market typically requires an in-country presence such as an agent, distributor or representative office.

Although Poland's per capita GDP increased from 50 to 59 percent of the EU average from 2008-11, the country remains one of the EU's less affluent countries with limited individual purchasing capacity. Poland has made great strides toward improving the commercial climate, but investors point to an inefficient commercial court system, a rigid labour code, complicated procedures in public administration, and a burdensome tax system as challenges for foreign companies.

While the number of English speakers in Poland is rising, particularly in urban areas, communication in Polish is recommended in order to elicit prompt responses to offers and inquiries and to facilitate negotiations. Poland's communication network is relatively well developed and email communications and website offerings are an increasingly effective means of reaching local buyers.

BILLIONS OF EUROS FROM THE EU

Poland's membership in the EU meant access to billions of euros in structural and cohesion funds to support infrastructure development, environmental protection and environmental remediation projects. Between 2007 and 2015, Poland was the EU's largest recipient of funding, receiving EUR 67 billion (USD 90 billion) in total from the EU's budget. Another EUR 82.5 billion for Poland is allocated in the EU's financial framework for 2014-2020.

Skilled manpower and smooth operations

O.P.Mishra | General Director Indorama Ventures Poland Sp. z o.o.

“ Our plant's location, 10 kms from the motorway and Poland being in centre of Europe provides logistic advantage and enables us to distribute our product in whole of Europe at a competitive cost. Abundant availability of skilled manpower facilitate our petrochemical plant to run efficiently 365 x 24. Lower cost in the form of Utilities, manpower provides support in the global competitive environment. Regulatory support adds hidden value in smooth and uninterrupted continuous efficient operations. ”



“Kraków, the original capital city of Poland has converted me into a fan of endless proportions.”
Amitabh Bachchan, after visit to Kraków in 2011

Almost 1/3 of this money goes on the country's infrastructure and circa 15% on business incentives, mostly for SME and start ups. Private investments, which create high a number of jobs, and are located in the less advanced regions such as eastern Poland, can also count for financial support from public funds, seen as strategic for the country's economy and development. Such projects may be worth several hundred millions euros and the EU contribution is up to 50%.

25th

In the latest edition of Doing Business 2016 ranking Poland moved up 3 places to 25th. out of 189 economies.

Source: Doing Business 2016





OUTSOURCING SECTOR: SYNERGY NOT RIVALRY

India is well-known as a centre for BPO services. Poland too....
Cooperation in this area could tap the potential of both the countries
and bring them fruitful results.

Poland is situated in the geographical heart of Europe. Such a strategic location, well established fundamentals of a free market economy, a system of effective public incentives and mature services market enable the country look West, North, East and South alike with huge business interest. In the European Union for 11 years, Poland operates under the same laws and standards as all the other member states, the UK included, but still offers a more convenient environment for companies, competitive costs of utilities, land and human capital. Prices are lower than in the West or North of Europe but the quality of services is not.

•• HIGHLY SKILLED HUMAN CAPITAL

Poland has the biggest domestic market in Central and Eastern Europe: 38.5 m inhabitants means 38% of the region's population. Around 2.5 million people graduate in India every year, but much smaller Poland has 2 million students, 11% of all students in the EU. And new ones are constantly coming through – almost 500,000 graduates each year. Young and educated people develop language proficiency, with over 90% of students speaking foreign languages. Social mobility is increasing and there is no talent shortage – only 4% of employers have trouble filling vacancies. As a member of Schengen, Poland gives its citizens easy access to the other Schengen countries, which means also a larger customer network.

Poles are one of the most hard working nations in the world and the only country in the EU with positive GDP growth in the years of the recent economic crisis.

Inflation rate is under control, public debt is low (55% v. the EU average of 80%), the financial system is stable and FDI stock impressive: EUR 150 bln as of 2011. For the last decade Poland has been the largest beneficiary of EU structural funds for growth (EUR 82.5 bln for 2014-2020) and GDP growth of circa 4% a year. The country has almost doubled its GDP over the last two decades and in 2014 was the 23rd largest economy in the world and 6th in the EU. It is predicted that it may join the G-20 group by as soon as 2022.

•• BPO SECTOR IS GROWING

According to the latest report by ABSL "Business services sector in Poland 2015", 60 new foreign-capital service centres have been created in Poland since the beginning of 2014. For the first time in its history Poland is gaining an internationally recognised specialisation in BPO. Thanks to growing numbers of foreign investors one can observe a transfer of innovative business processes and technology solutions to local companies, which has led to growth of inflows of innovation into the Polish economy and the creation of new jobs. In the last two years alone the number of employees in the BPO sector has increased by over 1/3.

In just a few years, Kraków – the former capital of Poland and a jewel among European cities – became the largest BPO centre, with 35,700 people working in the sector. Warsaw comes in second with 27,000 employees and third place belongs to Wrocław, with 23,700. Other locations worth mentioning are: Tricity – 13,700 employees, Łódź – 13,100, Katowice – 11 200 and Poznań – 9 000 people in the outsourcing sector.

Cooperation works better between cities and regions

Magdalena Sroka | Director of Polish Film Institute, between 2010 and 2015 vicepresident of Cracow

“ It's easier to define the potential of cooperation on the level of cities and region than between countries. Cracow saw chances to cooperate with India on several fields: outsourcing of BPO processes (it was already well known from this side in Europe, the same as India in the world) and in the movie industry, India started to shoot their movies in Poland. Experience of Arcelor Mittal with Cracow Nowa Huta show that how important it is to break mistrust and culture barriers between investor and local society combined with promotion of culture. ”

Source: Dossier Polska-Indie, THINKTANK center, 2011

The Polish Information and Investment Agency closed 2014 with BPO investments by foreign and Polish companies to the value of nearly EUR 30 million. There are already 380 centres with a foreign shareholding, and services available in over 34 languages covering Europe, Asia & both Americas.

As of 2012, around 2.8 million people worked in the outsourcing sector in India. In Poland there are 140,000 employees in IT services and 100,000 in the SSC/BPO/ITO centres. The sector employment growth rate has reached 20%. Seven big and 10 mid-size hubs create a variety of host locations.

•• OPPORTUNITIES

The annual revenue of the BPO sector in India is USD 11 billion, which means around 1% of GDP. For well developed Indian BPO companies, Poland – with its access to the CEE market and Western European clients – can offer wider client service coverage than India due to language availability. Even though Poland is more expensive than India, it is still cheaper than most of Western Europe. The country should not be seen as a competitor to India but rather as an extension of services offered to the Western part of a united Europe. The Polish market is a natural window towards the rest of the continent.

Indian companies are already enjoying the benefits of conducting BPO operations in Poland. A good example of such a provider is Infosys, an Indian multinational operator in the areas of consulting, information technology, software engineering and outsourcing services. By 2012 revenues, Infosys is the third-largest India-based IT services company, and the second largest employer of H-1B visa professionals in the United States. By March 28, 2013, its market capitalisation had grown to USD 30.8 billion,

making it India's sixth largest publicly traded company. Infosys has 87 global software development centres, of which 32 are in and 55 are outside India. The company was presented with the "Most Dynamically Developing BPO Centre in Poland" award by Forbes Magazine during the 5th edition of Annual Outsourcing Forum – Poland as the European Knowledge Process Outsourcing Centre. The event was organized by Roadshow Polska in cooperation with Ernst & Young, Forbes and the Polish Foreign Investment Agency in 2010.

Market opportunities in Poland stem from the new quality of cooperation in BPO for the public sector. The government offers several tax breaks, such as CIT exemption in Special Economic Zones, CIT relief for acquisition of new technology and real estate tax exemption. Besides, there is a complex funding programme for government grants and above all cash grants available through EU funds.

SME will continue to grow and find a place in new markets. The low cost for Western Europe, a large pool of skilled labour and work ethic provide further support and incentives for Indian companies thinking of establishing their businesses in Poland. Most countries in the region are closely pegged to the euro, which means presence in Poland can secure relative FX stability.

11%
of all students in the EU
come from Poland.

Source: Polish Information and Investment Agency





A COUNTRY OF SHIPYARDS

Lech Wałęsa, Noble Laureate for peace and a Polish hero of the struggle for democracy, once worked for many years as an electrician at the Gdansk shipyard. After over 25 years of enjoying a free market economy, Poland remains one of the largest ship makers in the world, successfully competing with the Asian shipyards.

In 2000, Poland was in fourth spot, after South Korea, Japan and China, in the world ranking of ship-building, with 5.7% of world orders for trading vessels. Poland took top position in Europe. The strong shipbuilding industry in Poland helps the EU compete with the shipyards of the Far East.

LONG TRADITION

Polish ships have enjoyed a good reputation for many decades. Stocznia Gdynia S.A. was set up in 1922 and in 1952 started to build large freight ships. Stocznia Szczecinska, over 50 years old, has built more than 600 ships. Today, there are still the two main centres of shipbuilding in Poland: Tricity (Gdansk, Sopot, Gdynia) and Szczecin.

Grupa Stocznia Gdynia S.A. has produced about 550 ships: a hundred different types for fleets from 20 countries. In 2000, the shipyard completed the largest

ever freight ship built on the Baltic, with a capacity of 165,000 dwt. Gdansk shipyard was last year saved from bankruptcy and the city still has the largest repair yard in Poland, offering service to all the fleets in the Baltic Sea, working for Germans, Norwegians and Danes.

Production at the Szczecin Shipyard was halted in January 2009 after the European Commission decided that the assistance the Polish government had granted the Szczecin and Gdynia shipyards was against EU competition law.

SPECIAL PRODUCTS

In the last two decades new local producers have emerged on the Polish market. One of the companies that reconstructs and renovates ships is PTS, which specialises in specific ships. The technical director of PTS, Piotr Rawski, says the company constructs, inter alia, small fishing vessels and salmon farms servicing catamarans for Norwegian companies. Both vessel type hulls are no longer than 15m long. In 2013 the company constructed 8 catamarans, a fishing vessel as well as 2 hulls for larger fishing vessels. If Szczecin Shipyard is going to continue its operations (it is under bankruptcy procedure at the moment), it would be still able to build 22 large oceanic ships per year. During 1991-2002 the shipyard constructed over 160 such vessels worth circa 4bln USD combined. There is a chance to rebuild the local shipyard industry – qualified personnel are still available in the area.

The shipyards in the Tricity are constructing specialised, modern vessels used for on-sea oil rigs

The company is growing 20% year on year

Narendra Goliya | Chairman of the Supervisory Board of Lumel

“Once, we were able to convince the local authorities and the crew that the company, LUMEL, will grow under the new private management versus the state control that existed prior to it being sold, we got full support from the authorities and the staff and the company is now growing at an annual rate of over 20% year on year. For Rishabh it has been a fantastic experience doing a major acquisition in Poland, the first out of India.”

Source: comment for Center for International Relations, January 2016

servicing, ferries and ships; up to several dozen fully equipped vessels per year. The latest contracts for Gdansk and Gdynia mean that by 2017 several specialist vessels (for example for servicing oil rigs) worth together around EUR 1 bln will be built. One of them will be dedicated for Shell. This ultra modern ship, one of the most advanced vessels ever constructed in Polish shipyards, will be used for securing the logistics operations for rigs and underwater works. It will be equipped in a submergeable robot and a crane for a team of divers. Remontowa Shipbuilding is currently busy with 19 different vessels whose value varies from 20 to 100+ euro each. The shipyard is also building a couple of specialised ships designed to supply oil rigs for Norwegian and USA ship owners, an electric-gas propulsion equipped ferry, ordered by a Danish ship owner and 5 arctic container ships for a Danish client.

YACHT INDUSTRY

In recent years Poland has become second only to the United States in the production of small motorized yachts up to 9 metres in length, and one of the largest producers of boats in the 6-10 metre category. Polish shipyards are also selling increasing numbers of luxury yachts, with prices reaching into the hundreds of thousands of euro.

The yacht industry in Poland includes around 900 companies employing 35,000 people, according to statistics from the Polish Chamber of Marine Industry. Polish motorized boats are especially popular in Germany, Scandinavia and the Mediterranean basin.



The leading Polish yacht producers alongside Delphia Yachts Kot and Galeon are Balt-Yacht, Sunreef, Ostróda Yacht, S-Yachts (Ślepsk) and Model-Art. These companies manufacture top-quality equipment from modern materials, equipped with the latest solutions in propulsion, navigation, electronic yacht management systems, wireless technologies and remote steering.

Polish companies manufacture yachts not only under their own brand names, but also on commission from foreign shipyards, including the world's largest such company Brunswick. According to official statistics, the value of boats and yachts sold in Poland in 2011 was nearly EUR 1 billion. Yacht sales account for 0.15% of Poland's total exports.

1 bln EUR

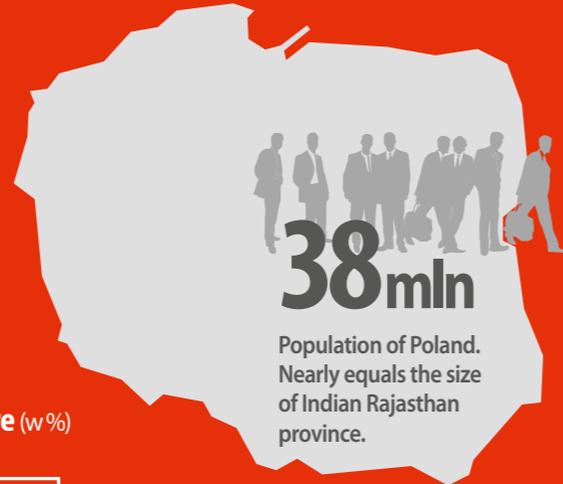
The latest contracts for Tricity mean that by 2017 several specialist vessels worth that much will be built.

Source: Information from the shipbuilding companies



312,685 sq km

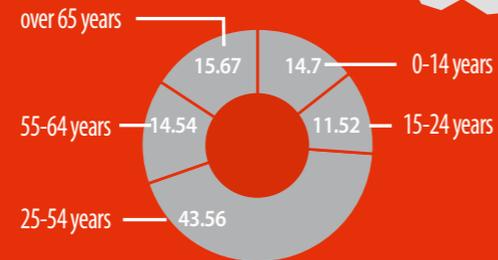
Total area of Poland, same size as Maharashtra Indian province.



Biggest cities in Poland
(population in mln)



Age structure (w %)



2004

Poland became a member of the EU but is still out of the euro zone.

1999

Member of NATO.

4

Procedures requires starting new business in Poland. In India 14 is needed.

2007

Member of the Schengen zone.

25

Polish rank in Doing Business 2016, +3 change yoy.

Over 300%

Poland's GDP increase in 1999-2013

1

Poland was the only country in the EU with rising GDP, 1.8% in 2009.



57.4 billion USD

value of direct investment by Polish companies abroad

Source: NBP 2014

235.1 billion USD

value of direct investment by foreign companies since 1990

Source: NBP 2014



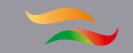
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