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Indian firms optimistic about growth prospects despite subdued macro-economic conditions: HSBC research

~ Indian businesses have the greatest investment appetite across all markets ~
~ Quality and availability of skills in workforce is the top growth driver for businesses in India~

Businesses in India are very optimistic about their growth prospects, despite subdued macro-economic conditions, reveals HSBC's global survey 'Navigator: Made for the Future'. This latest study surveyed more than 2,500 companies across 14 markets in the world – including more than 1,300 firms from seven major economies in Asia Pacific.

Optimistic Outlook

The survey data shows that almost nine in ten (89%) Indian firms expect to grow over the next two years. In line with this, more than three quarters (77%) of Indian firms are more optimistic than they were a year ago compared to the global average (53%). This bullishness is seen in their export projections as well, where almost half (44%) of those exporters who expect their business to grow are projecting an increase of more than 5% in their exports.

This sense of optimism is further reinforced by findings illustrating that Indian businesses surveyed have the greatest investment appetite (71% intend to invest in their business by more than 5%) across the 14 global markets. Interestingly, none of those surveyed mentioned any plans to decrease their level of investment. In line with their bullish investment plans, Indian businesses also project the highest levels of business changes in the next two years.

Indian firms consider quality and availability of skills in the workforce as the top growth driver (36%) in pursuing their growth aspirations. This is the highest of any market, signifying businesses' focus on their workforce.

The proportion of Indian businesses planning to invest in areas such as skill development and training (72%), selling more products and services online (68%) and enhancing customer experience (68%) is considerably above the global averages of 52%, 53% and 52% respectively.

Commenting on the survey findings, **Rajat Verma, Head of Commercial Banking, HSBC India** said, "The survey shows that the balance of opportunities and threats is strongly in favour of opportunities; this is a further demonstration of the optimism of Indian businesses. The strength of the Indian economy and its demographic potential offers multiple opportunities for growth. We believe that innovation as well as effective utilisation of technology, will be critical in driving the next phase of growth for Indian businesses."

Shift to sustainable investing

A high proportion (59%) of Indian businesses, second only to the level in mainland China (60%), plan to increase their investment in sustainability. 86% of Indian firms, as compared to the global average of 72% believe that their level of sustainability will change in the next two years. 33% of Indian businesses feel the need to become environmentally sustainable in order to recruit and retain the best people. This is the highest across all markets.

Are you 'Made for the Future'?

According to the survey, technology is driving a structural shift in the future workforce in Asia. Companies have a dual-objective for technology: driving customer-centricity and upskilling people.

Innovation is primarily seen as a growth engine by 70% of Indian businesses surveyed – the highest across all markets. Indian firms believe that innovation is the only way to grow business, substantially higher than the global average of 41%.

Indian businesses believe innovation will have a significant impact on their workforce. Reflecting on customer-centricity, around 9 in 10 Indian businesses (87%) believe the integration of new technologies will help their people better understand customer needs. 85% of firms believe that innovation will make their workforce more productive. Furthermore, the survey found that digital transformation is impacting the skills people need to compete in the future.

Artificial Intelligence (77%), the internet of things (76%) and 5G (76%) are technologies that will provide the most opportunities for growth for Indian firms over the next one to two years. All these are at levels notably higher than global averages.

Interviews for the '*Navigator: Made for the Future*' survey were conducted in Australia, Canada, mainland China, France, Germany, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, the UAE, the UK and the USA in May 2019.

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About Navigator: Made for the future

HSBC's '*Navigator: Made for the future*' report is based on research commissioned by HSBC and conducted by Kantar. It surveyed over 2,500 businesses with turnover of USD5m or above from 14 key markets globally, including: Australia, Canada, mainland China, France, Germany, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, UAE, UK, USA.

Survey respondents were key decision makers and those having significant input into the decision making of their company's strategic direction. The survey gauges sentiment and expectations of the businesses in the near to midterm future, and covers business outlook, future of business in terms of opportunities & threats, investment priorities and changes foreseen in the future; as well as business innovation and workforce, sustainability and success factor for the future.

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