

5 November 2019

Optimism of Indian businesses soars despite geopolitical uncertainty: HSBC Report

New market expansion and access to quality suppliers cited as top growth drivers

Businesses in India are bullish about their growth prospects despite geopolitical uncertainty, according to a new HSBC global report. The report reveals that 96% of companies in India are projecting growth in their businesses next year, markedly higher than global and Asian peers (79% and 77% respectively).

HSBC's latest 'Navigator: Now, next and how' report surveyed business leaders from over 9,100 companies across 35 markets globally to gauge business sentiment and growth prospects. More than 3,200 businesses in 12 Asian markets took part in the survey.

Optimistic Outlook

Over the next 5 years, half of the companies surveyed in India are expecting sales growth of 15% or more, more than double the rate of GDP growth in the country. This optimism extends to export projections as well. Nearly 98% of Indian firms with international operations expect international sales to grow over the next two years, considerably higher than global peers (81%).

Businesses are buoyant about the prospect of entering new markets, the availability of high-quality suppliers and plans to invest in technologies that will pave the way for new products and services.

Rajat Verma, Head of Commercial Banking, HSBC India said, "India is at a crucial point with respect to trade policy. It is believed that the current factors which are threatening short-term growth will eventually stabilise and have a positive impact on mid to long term growth. Businesses are responding to changes, whether its new tariffs that disrupt supply chains or trade agreements that smoothen the path to new markets. The survey highlights that the key for businesses to grow is to invest in digitisation and expand to new markets."

Navigator also shows that more than four-fifths (86%) of businesses in India feel protectionism is increasing in their main market. However, the impact of protectionism has been more positive than negative for business growth. Less than 14% of businesses surveyed feel protectionist policies have had a detrimental effect. This is slightly lower than sentiment globally (16%) and in Asia (17%).

The Sustainable Future

Indian companies are pushing towards sustainability. Key drivers include the need to improve transparency, operational efficiency and meeting regulatory standards. Over the

next 5 years, to improve sustainable production, companies in India are likely to invest in technology to monitor their supply chains for greater visibility (40%) and will focus on reducing waste generation and encouraging workplace diversity (both 36%).

Breakthrough Technology

Indian companies believe that artificial intelligence (AI), data security, 5G and the internet of things (IoT) are the technologies that will have the biggest impact on their business in the future. Businesses in the country see China and the US as the leading markets across all technologies, but APAC, including India itself, is considered a leading hub for data security and IoT.

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Note to editors:**HSBC Navigator: Now, next and how for business**

HSBC's Navigator report comprises a global survey gauging business sentiment and expectations on trade activity and business growth from 9,131 decision-makers in 35 markets. 3,252 businesses in 12 Asian economies participated in the survey. Research was conducted by Kantar for HSBC between August and September 2019. HSBC's Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade. The full report can be accessed here: www.business.hsbc.com/trade-navigator

Interviews for the Navigator: Now, next and how survey were conducted in Argentina, Australia, Bangladesh, Belgium, Brazil, Canada, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, mainland China, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, the UAE, the UK, the USA and Vietnam. Over 5,000 of the companies interviewed were SMEs making annual sales of between US\$5m and US\$50m, with the remainder being larger enterprises.

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