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## **Indian businesses show resilience despite the significant impact of COVID: HSBC survey**

*~ Highest impact of COVID across all markets ~  
~ Highest levels of contingency planning across all markets as well as high preparedness in current environment ~*

Despite the significant impact of COVID, many Indian businesses have found positive workarounds, shown high preparedness, made contingency plans for the future and continue to operate as normal, reveals findings from HSBC's [Navigator](#) report, **'Building Back Better'**.

### **Immediate impact of COVID**

Almost half (46%) of Indian businesses covered under the survey felt 'very strongly' impacted by the COVID pandemic. This was the highest level across all markets surveyed. Interestingly, more than half (54%) of the surveyed Indian businesses felt that they were as well prepared as they possibly could be. This is a level that is the second highest amongst all countries surveyed and higher than the average across all markets (45%).

### **Business Health**

Despite the high level of impact faced by Indian businesses, more than a quarter (29%) of those surveyed say that they are operating as normal. This is the second highest level seen across all markets, behind mainland China.

The fact that a substantial proportion of Indian businesses are still operating as normal may be attributed to nearly three quarters (73%) of them either having a management that is sufficiently agile or being strong overall and able to manage with a number of adjustments. This again, is the second highest level across all markets surveyed and higher than the overall average at 65%. However, 2% of those surveyed in India feel that their long term survival is threatened.

### **Security / stability is the driving force in reshaping supply chains**

The events of the last six months have had a significant impact on the supply chains of Indian businesses. Maintaining and enhancing the security and stability of supply chains is critical for the surveyed Indian businesses. The most important aspect for around 42% of Indian businesses is to review their suppliers' ability to weather future uncertainty. This is the joint highest (along with Indonesia) across all markets surveyed and significantly higher than the overall average at 30%.

Over the next 1-2 years, 78% of them intend to increase measures to ensure the security of their supply chains, while 63% intend to increase transparency in their supply chain. However, 40% of those surveyed in India intend to restrict their supply chain. These are the highest proportions of businesses across all surveyed markets.

The main objectives of these changes are to improve quality/reliability despite the cost of doing so (53% vs. 36% all markets), to become more efficient (43% vs. 38% all markets), to enable long term survival (42% vs. 35% all markets) followed by supporting them in their growth (41% vs. 34% all markets).

### **Impact of current environment**

Remarkably, the survey shows that Indian businesses, while being significantly impacted by COVID, have found positive workarounds and the slant towards the positive potentially challenges the myth of the impacts of COVID being entirely negative. The clear positive balances in India are typically considerably above the average for all markets. In particular, 64% of Indian businesses see the current environment ensuring positive changes to their products / services. This is the joint highest across all markets surveyed (along with China) and significantly higher than the overall average at 44%.

Moreover, favourable changes to customer demand (60%) and better access to financing facilities (62%) are some of the other aspects that have been positively impacted by the current environment, feel those covered by this survey in India. Both these parameters rank the highest across all countries covered in the survey and significantly higher than the overall average (43% each).

However, aspects related to availability of labour have the lowest positive balance for Indian businesses with only 53% seeing it being positively impacted while 25% see a negative outcome from the current environment.

**Commenting on the survey findings, Rajat Verma, Head of Commercial Banking, HSBC India,** said: “While COVID has undeniably altered the economic landscape, Indian businesses have shown resilience in the face of adversity. Businesses will have to make varying degrees of adjustments to adapt to this altered landscape which will be the new normal for the foreseeable future. The ability to absorb such external shock will be a critical component for businesses to focus on during the course of their short as well long term growth plans.”

### **Outlook**

Despite having been strongly impacted by events of the last six months and having the same bias to short-term planning, which has been seen in other markets, Indian businesses have the bigger picture in mind. There is considerable evidence of thinking beyond, seen in terms of almost three-quarters (74%) implementing contingency plans, the highest across all markets surveyed. Additionally, they are also focussing on actively pursuing new prospects (65% vs. 62% all markets).

This latest report surveys more than 2600 companies across 14 global markets in the world – including 200 firms from India.

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### **Media enquiries to:**

Kunal Pradhan

+91 22681287

[kunal.pradhan@hsbc.co.in](mailto:kunal.pradhan@hsbc.co.in)

### **Note to editors:**

#### **HSBC Navigator:**

The Navigator survey is conducted on behalf of HSBC by Kantar. It is compiled from responses by decision-makers at 2,604 businesses, ranging from small and mid-market firms to large corporations, across a broad range of sectors. The respondents hold influence over their company's strategic direction and represent a broad range of roles: including c-suite, finance, procurement, supply chain, sales and marketing. A total of 14 markets were surveyed between 28 April and 12 May 2020.

- Americas: Canada, Mexico, USA
- Asia Pacific: Australia, Hong Kong, India, Indonesia, Mainland China, Malaysia, Singapore
- Europe: France, Germany, UK
- MENA: UAE

Results have been weighted to be representative of each market's international trade volume (World Trade Organization data for 2017-2018).

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