

08 December 2022

Indian businesses expect growth in 2023 despite a volatile global outlook: HSBC survey

~ 89% surveyed expect double digit growth over next year ~
~ Technology, new product innovations key contributors to the overall business growth ~

Mid-market enterprises (MMEs) in India are optimistic about expectations of their sales (revenue) growth over 2023, with 89% expecting double digit growth, the second highest (after UAE) across all market surveyed and higher than the global average (76%). In fact, 47% of the surveyed Indian businesses expect growth by 15-20% over the next 12 months, the highest across all markets surveyed.

This is part of the findings revealed by HSBC's latest business survey "**Business Balancing Act**", which polled over 2100 mid-market enterprises (MMEs) across 14 markets in the world—including 220 firms from India.

New products, technology key drivers for business growth

Technology-driven efficiencies (45%) and introducing new products and services (46%) are the most important factors that are contributing to the expectations of overall business growth and recovery over the next year. Additionally, expanding to new digital platforms and channels (44%), increasing international demand (44%) and quality and availability of suppliers and raw materials (44%) are some of the factors which will contribute to the expectations of overall growth and recovery in the next 12 months, the survey finds.

Sustainability, digitization major changes in business

With increased focus on ESG, the survey revealed that sustainability has been a driving force across all markets surveyed over the past 12 months. In India, 47% of the respondents stated that enhancing sustainability was the foremost factor driving change in their business. The survey also revealed advances in digitization (44%) and the changes in ways of working (43%) as key factors driving change for the surveyed Indian businesses.

Investment priorities

Over half (53%) are seeking external investment, two-fifths (39%) are looking to sell the whole or part of their business, while a third (33%) are planning to make an acquisition to drive growth. Customer experience (65%) and product innovation (60%) are the immediate investment priorities for Indian firms (60%), followed by a focus on employee well being (57%). There is, however, the major challenge of cutting costs (54%) next year

International trade

Indian business leaders are some of the most optimistic about international trade in 2023 with 45% expecting it will be easier, compared to 28% globally. Seven in 10 (71%) of the respondent Indian firms plan to enter at least one new foreign market. Three-fifths (58%) will focus on making their supply chain more secure, but they are concerned about a lack of quality suppliers and goods (30%). Nearly half (46%) will introduce new products and services, however there are concerns about a decrease in demand and reduced consumer spending (25%).

Rising inflation, interest rates on watch

Companies in all markets surveyed remain optimistic despite concerns related to rising inflation and interest rates. In India, however, 38% respondents were more concerned over the potential for increasing tariffs and tougher regulatory and taxation environment. Of the surveyed, 35% business in India said inflation could be a threat for growth followed by increased interest rate (34%).

Commenting on the survey findings, Rajat Verma, Head of Commercial Banking, HSBC India said, "The survey findings clearly support the sentiment towards growth and recovery that we're witnessing in India. Despite the evolving and volatile global economic landscape, Indian businesses have showcased international ambitions as well as a focus on making their supply chains more secure. The emergence of sustainability as a key aspect of business along with increased adoption of digital technologies are encouraging themes moving forward.

Notes to editors

The Business Balancing Act survey was conducted by industry research firm Toluna between 28th September and 24th October. Toluna polled 2,170 financial decision makers at mid-market enterprises in 14 markets UK (316), US (191), Australia (106), Canada (104), Germany (203), France (198), India (220), Indonesia (167), Malaysia (171), Mexico (113), Singapore (114), UAE (82), mainland China (109), Hong Kong SAR (76) using its online survey/panel.

Toluna delivers real-time consumer insights at the speed of the on-demand economy. With a commitment to leading by technology innovation, Toluna revolutionises market research and empowers clients with the agility to instantly conduct quantitative and qualitative research. By combining global scale and local expertise with innovative digital solutions and award-winning research design, Toluna helps clients explore tomorrow, now. You can find out more here <https://tolunacorporate.com/>

Media enquiries to:

Kunal Pradhan

+91 22 22681287

kunal.pradhan@hsbc.co.in

HSBC Bank India

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities. HSBC is one of India's leading financial services groups, with over 38,000 employees in its banking, investment banking and capital markets, asset management, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country.

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,992bn at 30 September 2022, HSBC is one of the world's largest banking and financial services organisations.

ends/all