

Indian SMEs on a good wicket compared with most Asian economies

Banking Bureau

Mumbai Feb 20

Indian small and medium enterprises (SMEs) are the most optimistic ones among their Asian peers after Vietnam, with 58% expecting local economic growth to accelerate in the next six months. According to a survey conducted by HSBC Asia-Pacific Small Business Confidence Survey, for the last quarter of 2007, covering 2,736 small and medium-sized enterprises across nine Asia Pacific countries, namely Hong Kong, mainland China, Taiwan, Singapore, India, Korea, Malaysia, Indonesia, and Vietnam, found out that SMEs in Vietnam and India are the most optimistic about trade growth with China as well as trade with the rest of Asia.

In India, the survey covered 333 SMEs in Mumbai, Delhi, Chennai, and Kolkatta.

Talking about the impact on SMEs due to continuous appreciation of the local currency, Puneet Chaddha, countryhead of commercial banking, India of HSBC said a lot of SMEs surveyed have taken advantage of their currency movements. "Most of them have used their hedging techniques. Some are also picking up a niche area and competing on that front," he said.

Chaddha is confident Indian SMEs will thrive. The survey further revealed that in India, 60% of SMEs expect trade with mainland China to increase, while 30% said it would remain unchanged. Majority of Indian SMEs or 70% felt that trade with the rest of the world will increase, although 30% expect trade levels to remain the same. Meanwhile, 57% of the Indian SMEs surveyed say staffing levels will be maintained, while 43% plan to hire more workers.