

# Indian SMEs bullish on economy, says HSBC survey

**Our Bureau**

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The small and medium enterprises (SMEs) in India are leading their Asian counterparts in being bullish on local economic growth.

While about 58 per cent of Indian SMEs are expecting the local economic growth to increase, 38 per cent of them expect the economy to maintain the same pace in the next six months as 2007 and a mere 4 per cent expect the economy to slow down, according to Asia-Pacific Small Business Confidence Survey, conducted by Hong Kong and Shanghai Banking Corporation Ltd (HSBC).

The survey, done by market research firm TNS for HSBC, was conducted in the last quarter of 2007, covering 2,736 small and medium-sized enterprises across nine Asia Pacific countries and territories — Hong Kong SAR, Mainland China, Taiwan, Singapore, India, Korea, Malaysia, Indonesia and Vietnam. In India, the survey covered 333 SMEs in Mumbai, Delhi, Chennai and Kolkata.

On the investment front, In-

dian small businesses are acting on their positive economic outlook with increased capital investment in the first half of 2008. A majority of the SMEs in the country are planning to hire more workers while none intended to cut jobs, the survey said.

SMEs in Vietnam and India are the most optimistic about trade growth with mainland China as well as trade with the rest of Asia. In India, 60 per cent of SMEs said they expect trade with mainland China to increase while 30 per cent said it will remain unchanged. Ten per cent expect it to decrease.

About 68 per cent of SMEs expect trade with rest of Asia-Pacific to increase, while 32 per cent expect it to remain the same. None expected it to decrease, the survey said.

"India's economy saw strong Gross Domestic Product growth of 8.5 per cent in 2007. That most of the SMEs surveyed expect better performance in 2008 is in keeping with the positive economic outlook," Mr Puneet Chaddha, Head, Commercial Banking, HSBC India, said in a release.