

# Indian SMEs upbeat about growth: HSBC

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The small and medium enterprise sector in India is optimistic about the domestic economy's growth in the next six months. Indian SMEs are among the most optimistic in Asia, with the majority believe that the growth momentum will pick pace, according a survey on SMEs in Asia Pacific region conducted by HSBC.

Unveiling the survey in Chennai on Thursday, Bhuvnesh Khanna, head of the SME business at HSBC India, said: "India's economy saw strong growth of 8.5% in 2007.

Most of the SMEs surveyed expect better performance in 2008 and are in line with the positive outlook over the period."

The survey, done in association with market research firm TNS, finds that Indian SMEs are next only to Vietnam in optimism. Among those taken part in the survey in India, 58% expect domestic economic growth to accelerate in the next six months, while 38% see the economy to maintain the same pace. A mere 4% expect the economy to slow down.

Small businesses are acting on their positive economic outlook with increased capital investment

in the first half of 2008. Nearly 60% of the SMEs surveyed are planning to increase their capital investment, while 38% plan to maintain the level of investment as that of last year's. Only 2% plan to decrease investments compared with those in 2007, the survey says.

On the recruitment side, 57% of respondents say staff levels will be maintained, while 43% plan to hire more during the year but nobody plans to cut jobs. On the cross-border trading side, Indian SMEs are relatively less involved. However, they believe that the same will improve significantly during this year, the survey points out.

The report says SMEs in India are the most optimistic about trade growth, with China as well as with the rest of Asia. About 60% of Indian SMEs say they expect trade with mainland China to increase while 30% say it will remain unchanged. Only 10% of the surveyed expect it to fall. Close to 70% see trade with the rest of Asia Pacific to increase sharply.

Majority of the Indian SMEs feel trade with the rest of the world will increase, although 30% expect trade levels to remain the same. Nearly 333 SMEs in Mumbai, Delhi, Chennai and Kolkata have been surveyed in India.