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CPA Australia: One-third of Indian small businesses turn to technology to combat COVID-19

- Indian small businesses are more confident than their Asia-Pacific counterparts.
- Investment in technology helped combat the impact of COVID-19 and increase profitability.
- Nearly two-thirds of Indian small businesses grew in 2020 and most expect to grow this year.
- Indian small businesses were most likely to seek external finance in 2021.

Nearly two-thirds of Indian small businesses experienced growth in 2020 through technology investment and adoption. They maintain a confident outlook despite the impact of COVID-19, according to CPA Australia's 2020-21 Asia-Pacific Small Business Survey.

The survey canvassed 4,227 small businesses in 11 markets across the Asia-Pacific region, including Australia, Mainland China, Singapore and Vietnam. Five hundred and twelve participants from Delhi/Gurgaon, Mumbai, Chennai, Bengaluru and Hyderabad in India participated in the survey.

Sixty-five per cent of Indian small businesses reported growth last year, the highest survey result. Reflecting this finding, 56 per cent of respondents increased staff numbers and 58 per cent sought external funds for business growth; both results were the highest in the survey.

"Indian small businesses outgrew their Asia-Pacific counterparts last year. However, small business growth varied widely in different cities. Delhi/Gurgaon recorded extremely positive results but other cities like Mumbai were below average," said Mark Chau, Regional General Manager of Business Development International at CPA Australia.

"The recent wave of COVID-19 infections may weigh on small businesses' growth prospects and confidence. However, India's small businesses have demonstrated the necessary resilience to rebound once infection rates are brought under control."

The survey showed that high growth small businesses are more likely to invest in new technologies and Indian small businesses demonstrated they are the region's leaders in this field.

Despite one half of Indian small businesses indicating that they were negatively impacted by COVID-19 in 2020, many took decisive action to combat the adverse effects of the pandemic. Thirty-three per cent increased their investment in technology in response to the pandemic, the highest of the markets surveyed. Seventy-six per cent reported that their investment improved profitability, which is the second highest of all markets.

The technologies most popular among India's small businesses were Customer Relationship Management (CRM) software and business intelligence and analytical software.

"Indian small businesses are ambitious, forward-looking and focused on their customers. Many turned to technology to improve customer satisfaction and business strategy last year.

"In a post-COVID era, the ability to identify and invest in suitable technologies to improve business efficiency and profitability will be critical for small business success. India's youthful small business sector has proven it has this savviness in abundance," Chau said.



Respondents identified cashflow difficulties (37 per cent) and increasing costs (32 per cent) as obstacles to growth. Eighty per cent of Indian respondents sought external finance in 2020, the highest result of the survey. Unlike other surveyed markets, Indian small businesses were the least likely to access external funds from a bank (11 per cent). Many instead preferred to seek funds from Non-Banking Financial Companies to address their liquidity stress (36 per cent).

“Easy access to external finance encourages small businesses to keep investing in technology, offering more jobs and expanding abroad. Indian small businesses should strive to grow sustainably by managing their cashflow closely while balancing expenses from business expansion,” Chau suggested.

Nearly nine in ten of Indian small businesses expect to grow in 2021. Indian small businesses demonstrated their willingness to innovate and pursue overseas markets. Fifty-three per cent of respondents said they will introduce new products, services or processes in 2021. Forty-five per cent expect business revenue from overseas sales to grow strongly; both results are the highest among the surveyed markets.

Increased adoption of technology brings higher risks from cyberattacks. Sixty-eight per cent of Indian small businesses expect to be cyberattacked in 2021, up 29 percentage points from in 2020, and significantly above the survey average of 39 per cent.

CPA Australia recommends that Indian small businesses consider the following actions to improve their performance this year:

- Seek advice from a trusted adviser such as an accountant to improve cashflow.
- Enhance cybersecurity protections and review IT systems regularly.
- Continue to invest in technologies and innovation.
- Explore opportunities to improve customer satisfaction.
- Manage uncertainties from overseas markets and diversify risks in businesses.

Download [CPA Australia Asia-Pacific Small Business Survey 2020-21](#)

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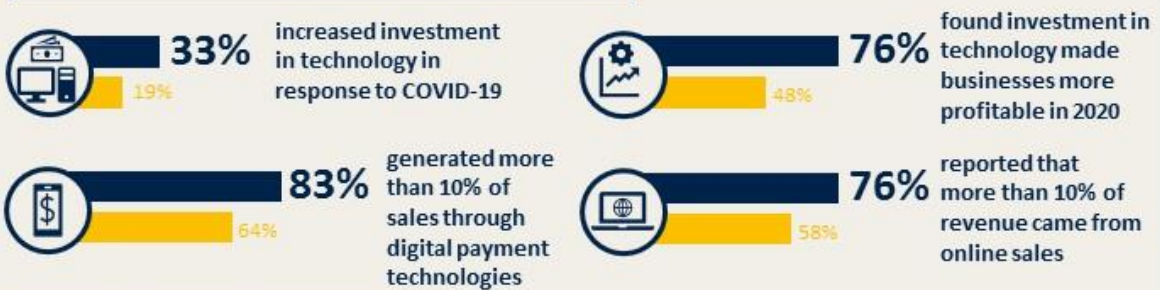
ASIA-PACIFIC SMALL BUSINESS SURVEY 2020-21

INDIA

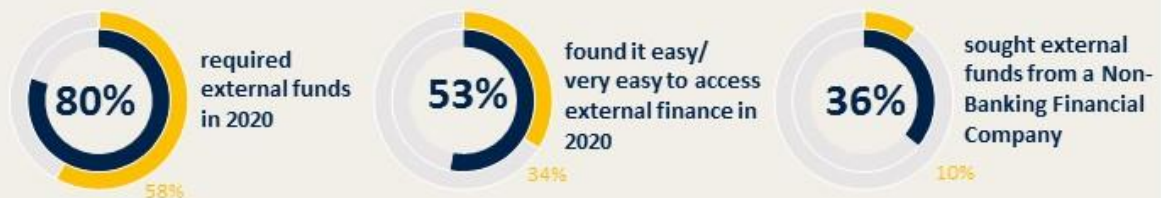
SMALL BUSINESSES PERFORMANCE IN 2020



INNOVATION AND TECHNOLOGY



ACCESS TO EXTERNAL FINANCE



BUSINESS OUTLOOK IN 2021



RECOMMENDATIONS FOR SMALL BUSINESSES

