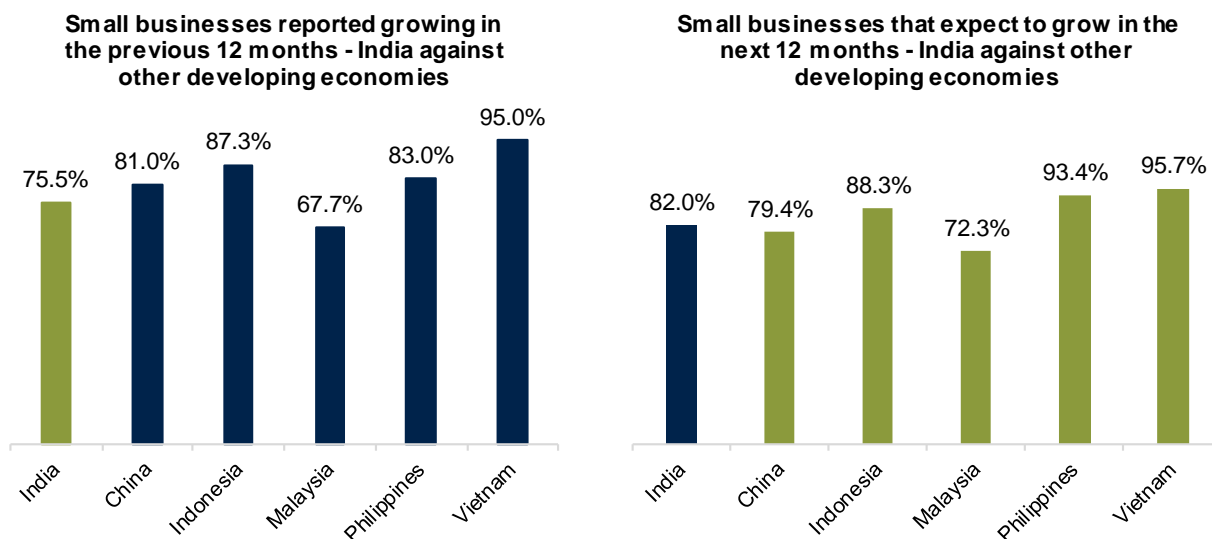


## India market summary

### Business and economic growth



	2019	Survey average 2019	Rank 2019
<b>Businesses that grew in the last 12 months</b>	75.5%	65.8%	5/11
<b>Businesses that expect to grow in the next 12 months</b>	82.0%	68.2%	4/11
<b>Businesses that expect the local economy to grow in the next 12 months</b>	68.2%	59.1%	5/11

### Business activity over the past 12 months

	2019	Survey average 2019	Rank 2019
<b>Increased employee numbers</b>	39.5%	32.5%	4/11
<b>Improved business management had a major positive impact on the business</b>	20.9%	17.6%	3/11
<b>Increasing costs had a major negative impact on the business</b>	35.6%	33.8%	4/11
<b>Required funds from an external source</b>	59.7%	52.2%	5/11
<b>Sought external funds for business growth</b>	58.6%	54.0%	4/11
<b>Found it easy or very easy to access external finance</b>	31.1%	31.6%	4/11
<b>A bank was the business's main source of external finance</b>	33.8%	36.2%	5/11

## Planned business activity over the next 12 months

	2020	Survey average	Rank 2020
Expect to increase employee numbers	57.5%	42.7%	4/11
Will introduce a new product, service or process unique to their market or the world	34.2%	25.8%	4/11
Expect revenue from overseas markets to grow strongly	27.5%	17.1%	2/11
Will seek external funds	29.6%	23.3%	4/11
Expect easy to very easy access to finance	26.8%	27.4%	4/11

## Social media, e-commerce and technology

	2019	Survey average 2019	Rank 2019
Did NOT earn any revenue from online sales	28.1%	26.2%	6/11
Did NOT use social media for business purposes	23.9%	18.9%	4/11
Investment in technology by the business over the past 12 months has improved profitability	59.7%	48.9%	4/11
Technology your business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A
Consider your business likely to be subjected to a cyberattack in next 12 months	38.7%	37.5%	5/11
Reviewed your business's cybersecurity protections in last six months	38.5%	45.9%	7/11
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay	63.4%	60.1%	3/11

## Factors that had positive and negative influences on business

Top four factors that had a positive influence on small business in 2019	Top four factors that had a negative impact on small business in 2019
Improved customer satisfaction	Increasing costs
Good staff	Increasing competition
Customer loyalty	Tax
Technology	Cash flow difficulties

## Impact of a trade war

	2019	Survey average 2019	Rank 2019
Possible trade war between the US and a range of other economies will have a negative impact on your business in next 12 months	27.9%	33.1%	7/11

## Demographics

	2019	Survey average 2019	Rank 2019
Business has been established for 10 years or less	72.1%	65.4%	5/11
Respondent is aged under 40	61.3%	54.7%	6/11
Respondent is the business owner	55.1%	42.5%	5/11
Business has 10 to 19 employees	25.7%	34.6%	5/11

## Key figures by city

	Delhi/ Gurgaon	Mumbai	Chennai	Bengaluru	Hyderabad	India average	Survey average
Businesses that grew in the last 12 months	78.6%	78.4%	66.3%	77.2%	75.5%	75.5%	65.8%
Businesses that expect to grow in the next 12 months	80.6%	84.7%	78.7%	89.1%	76.5%	82.0%	68.2%
Businesses that expect the local economy to grow in the next 12 months	73.8%	73.8%	59.6%	70.3%	61.7%	68.2%	59.1%
Increased employee numbers over the past 12 months	54.4%	38.7%	31.5%	30.7%	41.2%	39.5%	32.5%
Plan to increase employee numbers over the next 12 months	72.8%	57.7%	51.7%	51.5%	52.9%	57.5%	42.7%
Required external funds over the past 12 months	68.0%	59.5%	61.8%	50.5%	58.8%	59.7%	52.2%
Found access to external finance easy or very easy over the past 12 months	35.7%	30.3%	36.4%	19.6%	31.7%	31.1%	31.6%
Banks were the main source of external funds	38.6%	31.8%	32.7%	33.3%	31.7%	33.8%	36.2%
Business growth was the main reason for seeking external finance	57.1%	56.1%	52.7%	66.7%	61.7%	58.6%	54.0%
Will seek external funds in next 12 months	33.0%	30.6%	33.7%	28.7%	22.5%	29.6%	23.3%
Expect easy to very easy access to finance in next 12 months	27.6%	29.8%	30.4%	17.4%	27.6%	26.8%	27.4%
Expect revenue from overseas markets to grow strongly over the next 12 months	30.1%	30.6%	27.0%	26.7%	22.5%	27.5%	17.1%
Will introduce a new product, service or process unique to their market or the world in the next 12 months	41.7%	39.6%	21.3%	30.7%	35.3%	34.2%	25.8%

<b>Investment in technology by the business over the past 12 months has improved profitability</b>	65.0%	66.6%	57.3%	57.4%	51.0%	59.7%	48.9%
<b>More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay</b>	60.0%	64.0%	72.2%	62.0%	59.5%	63.4%	60.1%
<b>Did NOT use social media for business purposes</b>	23.3%	27.0%	18.0%	23.8%	26.5%	23.9%	18.9%
<b>Did NOT generate any sales online</b>	19.4%	26.1%	28.1%	37.6%	29.4%	28.1%	26.2%
<b>Think it is LIKELY their business will be cyberattacked in 2019</b>	55.3%	36.9%	37.1%	28.7%	35.3%	38.7%	37.5%
<b>Reviewed the business's cybersecurity protections in last six months</b>	46.6%	45.9%	37.1%	29.7%	32.4%	38.5%	45.9%
<b>Possible trade war between the US and a range of other economies will have a negative impact on the business in next 12 months</b>	31.1%	28.8%	31.5%	19.8%	28.4%	27.9%	33.1%
<b>Staff costs were most detrimental to the business</b>	34.0%	34.2%	34.8%	28.7%	24.5%	31.2%	34.9%
<b>Respondent aged under 40</b>	66.0%	63.9%	51.7%	58.4%	64.7%	61.3%	54.7%

## Summary

Small business conditions were positive in India in 2019, with over three quarters (75.5 per cent) of respondents stating their business grew, higher than the survey average of 65.8 per cent and well above developed markets such as Australia, where only 35.3 per cent of businesses reported growing. Reflecting positive business conditions, 39.5 per cent stated they added staff in 2019.

Of course, while the survey results are very positive, Indian small businesses also report challenges, with increasing costs – especially taxes – and increasing competition seen as the largest barriers to growth. Improved customer satisfaction was the factor that had the most positive impact on India's small businesses in 2019, and good staff and customer loyalty were the second and third most popular factors respectively.

Small businesses from India are relatively strong users of digital technologies, particularly in comparison to developed economies such as Australia, Singapore and New Zealand. Nearly half of Indian businesses surveyed (45.5 per cent) earned more than ten per cent of their revenue from online sales. Further, most use social media for business purposes, with 41.7 per cent stating that they use it to promote their business to potential customers.

A majority of India's small businesses are users of new digital payment technologies, such as Paytm, PhonePe and Amazon Pay. India's small business sector is ranked third in new digital payment technologies uptake, with 63.2 per cent of businesses receiving more than 10 per cent of their sales through such technologies.

India's small businesses are innovative, with more than one third (34.2 per cent) stating that they will introduce a totally new product, process or service to their market or the world in

2020, higher than the survey average of 25.8 per cent.

The strong investment in technology in India is producing benefits for many small businesses. 59.7 per cent stated that their investment in technology in 2019 has already resulted in improvements in profitability – above the survey average of 48.9 per cent. This result will no doubt encourage further investment in technology and assist India's small business sector to become more globally competitive.

38.7 per cent of India's small businesses expect to be cyberattacked in 2020, slightly above the survey average of 37.5 per cent. Given this result, it is not surprising that a similar proportion (38.5 per cent) of India's small businesses have reviewed their cybersecurity in the past six months.

Reflecting the strong growth and high investment needs of the majority of India's small business, nearly six in ten (59.7 per cent) accessed external finance in 2019, with a bank being the most likely source of that finance. However, many small businesses from India find accessing finance more difficult than easy, with 42.1 per cent of those who accessed finance reporting that it was difficult or very difficult, compared with the 31.1 per cent that found it easy.

Uncertainties over the impact of a possible trade war between the US and other economies on businesses are generally low, with only 27.9 per cent of small businesses stating that a trade war will have a negative impact on their business in 2020, below the survey average of 33.1 per cent. However, for some, such a trade conflict could create opportunities, with 24.9 per cent of Indian small businesses stating that they expect a trade war to have a positive impact on their business.

Highlights of the five Indian cities surveyed (Delhi/Gurgaon, Mumbai, Chennai, Bengaluru and Hyderabad) include:

- Small businesses from Delhi/Gurgaon were most likely to have reported growing, increased employee numbers and required external finance in 2019.
- On the same note, small businesses from Delhi/Gurgaon were the most likely to experience easy financing conditions.
- Small businesses from Chennai were the most likely to nominate venture capital fund / angel financing as their main source of finance, and small businesses from Hyderabad were the most likely to choose non-bank financial institutions as their main source of finance.
- Small businesses from Delhi/Gurgaon were the most likely to state that they will innovate in 2020.
- Bengaluru small businesses were the most likely to nominate 'introduced a new product or service' as having a major positive impact on their business in 2019, while Mumbai small businesses were the most likely to nominate 'technology' as having a major positive impact on their business.
- Chennai businesses were the most likely to have more than 10 per cent of sales received through digital payment options.
- Chennai small businesses were the most likely to be using social media to sell to customers, communicate with existing customers and monitor competitors, while Bengaluru small businesses were the most likely to be using social media to promote their business to potential customers.
- Delhi/Gurgaon small businesses are the most likely to expect a cyberattack in 2020.
- Businesses from Delhi/Gurgaon were the most likely to nominate taxes as being detrimental to their business, while businesses from Mumbai are the most likely to state that rent as being detrimental to their business.

With significant numbers of India's small businesses having characteristics strongly connected with growth – a focus on technology, e-commerce, improving customer satisfaction and innovation - we are likely to see this sector recover quickly from COVID-19 and then grow strongly for some time to come. We are also likely to see several of India's current small businesses evolve to become large, successful global businesses in the next few years.