

SMEs optimistic on growth: UPS study

Our Bureau

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Small and medium enterprises (SMEs) could be shortly joining the India business success story.

According to an annual study conducted by UPS called UPS Asia Business Monitor, 81 per cent of Indian SMEs are optimistic about the country's economic growth while 89 per cent are confident about their own growth too.

Hopes of raising or maintaining their current workforce in 2007 were highlighted as the primary reason for the upbeat mood.

Also 81 per cent of the respondents felt India is fast catching up with China in terms of economic growth. Within the region surveyed, 73 per cent of SME leaders view India's growth as beneficial to Asian SMEs. Respondents were from industries such as automotive, electronics and electricals, garments and textiles and gifts & housewares.

IT SECTOR

While India was projected as a leader in IT sector with 31 per cent respondents vouching for it, 13 per cent felt it is a leader in textiles and apparel industry, the study said.

It also felt that lack of qualified workers; innovation and government support were responsible for the Indian SMEs being less than competitive.

Dr K. Rangarajan, Head, Centre for SME Studies, Indian Institute of Foreign Trade, said the need is to tackle the challenges at the policy (regional and sectoral) and enterprise levels.

Indian SMEs cited the absence of supply chain efficiency and transportation infrastructure as the twin obstacles to their turning competitive, it said.

FUNDS AVAILABILITY

On availability of funds for SMEs, Dr Rangarajan said the need-based financing should be emphasised. He added various SME associations should come forward to stand as guarantors to bank loans as offering collateral is always a problem.

The survey was conducted based on interviews with 1,200 business executives of SMEs from 12 markets in Asia Pacific region such as Australia, China, Hong Kong, India, Indonesia, Japan and others.