

Most SMEs weathered recession better

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Indian Small and Medium Enterprises (SMEs) have been able to weather the storm of the recession, which hit the global market in the last two years. Many SMEs have reported performing better than before in the economic situation which was not rosy. "Almost all Indian SMEs have made profits in the last two years except few sectors those are into exports have not been able to make much profits," said Rajesh Dubey, Executive Director-SME Ratings, Investment Information and Credit Rating Agency of India Limited (ICRA) Online Limited, one of the known rating agencies in India. Dubey told SME Times, "For instance, the diamond industry has also started showing good profits as they have diversified into new markets. The industry is showing improved profits. The textile industry was not performing good since quite sometime but the sector has diversified and entered into new markets and is showing good profits now." "However, as far as the Indian SMEs are concerned, the global slowdown has not adversely affected large portion of Indian SMEs," he emphasized. The companies especially Indian SMEs which we have rated since January have performed positively and most of them have made profits. So, SMEs are not witnessing an immense slowdown due to the recessionary pressures, Dubey added. Industry experts have observed that there are host of factors which have helped large chunk of SMEs to survive from the recent global slowdown. Many SMEs are confident their business will grow over the coming years despite a slowing Indian economy and tight credit markets. SME Times spoke to some entrepreneurs who have made good profits in the last two years although the market was reeling under recessionary pressures. Sandeep Maheshwari, CEO of Mash Audio Visuals Private Limited told SME Times that their company has witnessed exponential growth in the last four years. "We have witnessed growth in business in the last couple of years. And the reason is that we took the economic slowdown as an opportunity rather than a crisis." ImagesBazaar a fully owned subsidiary of Mash Audio Visuals Private Limited provides creative professionals worldwide with an imperative resource for searching, purchasing and downloading Indian images. At present, over 6000 customers in more than 42 countries are using images from ImagesBazaar for their advertising and marketing communication. Maheshwari said, "While all other players in the market did slashed their prices and market-spend, we at Mash Audio Visuals Private Limited have increased our spend significantly as a result of which we have been able to stay ahead of our competitors." The good news about Mash Audio Visuals Private Limited is that despite slowdown this SME owner has managed to maintain a turnover of about Rs. 10.2 crore in the last fiscal year (2009-10) which accounts to about 70 per cent growth in profit as compared to the the fiscal year (2008-09) which was at Rs. 6.2 crore. In fact, number of SME entrepreneurs managed to sustain by cutting down price margins and the profitability. This has been the case with the SME exporters in India. SMEs those are exporting to foreign destination did not perform well due to the pressures from the key export markets such as US and Europe. They did not make good profits but could sustain the storm by taking right action at the right time. A Chennai based leather exporter N Shafeeq Ahmed said, "We see that there has been marginal profit as we know the market has been hit by the global slowdown. We had a slowdown and the profit was marginal. In fact, the export market was hit much more than the Indian domestic market. The domestic market did not get impacted by the global slowdown." While, T.R.Prabhu, Chairman of Tulasi Seeds Private Ltd, a National Award Winner of

Outstanding Entrepreneurship in Micro, Small and Medium Enterprises (MSMEs) said, "The global slowdown has absolutely nothing to do with the agricultural business. Indian agriculture is disconnected from the global market. Indian agriculture is a growing market and has not been affected at all by the overseas slowdown." "Though the markets globally have been affected by economic slowdown, our seeds business has not been affected in India because of the reason that our country is agriculture-based economy," he added. When asked how did his business performed in the last two years, Prabhu said, "It has been great. Before the slowdown emerged we were witnessing about 100 per cent growth in profit. But after the economic slowdown hit the market, our business growth slowed down but still we managed to grow by 35 per cent in the last two years." "75% of the population depends solely on agriculture and globally economic slowdown has not touched their agriculture profession and they have continued to take advantage of new developed available hybrids and technologies in agriculture. So, particularly our seeds with new BT technology has been encouraged by the farmers and we have been seeing excellent growth in the last 3-4 years." Prabhu opined. "Our BT Cotton Hybrids sales growth rate was encouraging with 73% in 2008-09, 26% in 2009-10 and is expected to grow by 22% in 2010-11 and we foresee a fast sales growth in the coming years as well," he added.