



Press release

Indian companies focusing on ASEAN are highly optimistic about business growth in the region

- *A Standard Chartered survey reveals Indian companies consider Indonesia, Vietnam, Malaysia and Singapore the markets that offer the best expansion opportunities*

23 March 2022, India – Indian companies with an ASEAN focus are highly optimistic about business growth in the region. This is according to a survey¹ commissioned by Standard Chartered for its “*Borderless Business: India-ASEAN Corridor*”, a strategic report that explores high-potential opportunities for cross-border growth in this corridor. All surveyed Indian companies expect their business to increase production in ASEAN while more than 90 per cent of them project growth in revenue (93%) over the next 12 months.

Access to the large and growing ASEAN consumer market (90%), availability of abundant and skilled workforce (51%) and access to a global market enabled by a network of Free Trade Agreements (44%) are regarded as the most important drivers² for expansion into the region by senior executives of the surveyed Indian companies. The Regional Comprehensive Economic Partnership (RCEP) is also expected to attract more investments into the 10-nation bloc. Some 63 per cent of respondents indicate that their company will increase investments into ASEAN over the next 3-5 years, on the back of the ratification of the RCEP agreement.

In terms of target countries within ASEAN, survey respondents consider Indonesia (61%) the top market that offers the best expansion opportunities for their company, followed by Vietnam (49%), Malaysia and Singapore (46% each). A majority of the Indian companies keen to tap Singapore for expansion opportunities agree that the city-state is an ideal place to set up their regional sales & marketing headquarters (84%).

Despite the opportunities, the survey also showed Indian companies recognising a wide range of risks within the region. The top three identified risks are the COVID-19 pandemic or other health crises (85%), slow revival of the economy and drop in consumer spending (73%), as well as geopolitical uncertainty and trade conflicts (54%)³. Furthermore, more than 60 per cent of the

¹ Survey commissioned by Standard Chartered in September 2021 targeting senior executives at 41 companies based in India focusing on the India-ASEAN corridor

² Values refer to the % of survey respondents who included the option as one of their top 3 choices

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respondents agree that adapting their business model to industry practices and conditions within ASEAN, understanding regional regulations, payment methods and infrastructure, as well as building relationships with suppliers and adapting supply chain logistics are the most significant challenges⁴ in the next 6 to 12 months.

To mitigate these risks and challenges and drive resilient and rebalanced growth in ASEAN, the survey respondents consider entering new partnerships / joint ventures to increase market presence (73%), investing in leadership and talent development (59%) and driving sustainability and ESG (Environment, Social and Governance) initiatives (41%) as the most important areas⁵ for their companies to focus on. To support their growth, these companies said they are seeking banking partners with one-stop corporate financing and capital raising services (59%), digital platforms for foreign exchange, transaction banking, etc. (54%) and foreign exchange hedging and comprehensive multi-currency settlement services (46%)⁶.

Freddy Ong, Head, Client Coverage, Corporate, Commercial and Institutional Banking, Singapore, Standard Chartered, said: “ASEAN is increasingly an important trade and investment destination for India. In the first three quarters in 2021, the worth of merchandise exports from India into ASEAN was USD28 billion. The region has also been attracting more and more direct investments from India, with a two-fold increase since 2016, to reach USD2.1 billion in 2020. As the only international bank with a presence in all 10 ASEAN markets and having been in the region for more than 160 years, Standard Chartered has a deep understanding of the local nuances, business practices and regulatory environment. This puts us in a good position to support Indian companies in capturing the various growth opportunities that ASEAN offers, especially in growth sectors such as pharmaceuticals, renewable energy and electric vehicles.”

Gaurav Bhatnagar, Head, Trade and Working Capital, India and South Asia, Standard Chartered, said: “ASEAN is one of India’s largest trading partners. With its ‘Act East’ Policy, India aims to enhance trade and commerce with its eastern neighbours, positioning the ASEAN region as an important player to deliver future growth aspirations for the nation. Standard Chartered is committed to delivering sustainable trade finance solutions to our clients – this trade corridor is expected to grow rapidly on the back of a strong Government impetus and a perceptible shift in consumer demand in favour of clean technology. Sectors like IT services, trading, pharmaceuticals, automobile (particularly electric vehicles) and renewable energy offer significant export opportunities to Indian firms. With Standard Chartered’s long-standing and prominent presence in ASEAN and India, we are uniquely-positioned to facilitate the growth of trade and commerce in this extremely important trade corridor.”

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Standard Chartered today launched the sixth edition of the Borderless Business series. To download the Standard Chartered “*Borderless Business: India-ASEAN Corridor*” report and find out more about the key areas of focus that will enable Indian companies’ success in ASEAN, visit: www.sc.com/en/borderless.

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Note to editors

About Standard Chartered

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Globally, we are a leading international banking group, with a presence in 59 of the world’s most dynamic markets and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, here for good.

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