

2024

Business Leaders Outlook

INDIA

J.P.Morgan

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EXECUTIVE SUMMARY

Economic confidence is strong, but recession concerns remain

Leaders are optimistic about the economy and their companies, with plans for growth and innovation in 2024.

Roughly three-quarters of respondents expressed confidence in the national economy (76%) and their industries' (77%) and companies' performance (75%). And more than 9 in 10 leaders expect their profits and revenues to increase in 2024. Most Indian leaders (69%) were also optimistic about the global economy.

Although more than half of business leaders said they expect a recession in 2024, that's down 10 points from 2023 (61%). Top challenges for business leaders include global unrest and geopolitical issues (35%), cybersecurity and fraud (31%) and rising interest rates (28%). Inflation also continues to weigh on businesses—83% of respondents experienced rising costs.

Indian business leaders are embracing AI, machine learning and other powerful new technologies. Most companies are using or considering using AI tools (93%). Of those businesses, more than 9 in 10 are using or plan to use AI in a wide range of capacities, including business operations (97%) and human resources (94%).

As companies seek an optimal balance between data privacy and advancements in technology, more than a quarter of Indian business leaders consider AI adoption a top concern.

Economic outlook for 2024

Optimistic Neutral Pessimistic

Global economy



Optimistic - 69%, Neutral - 12%, Pessimistic - 19%

National economy



Optimistic - 76%, Neutral - 7%, Pessimistic - 18%

Industry performance



Optimistic - 77%, Neutral - 7%, Pessimistic - 16%

Company performance



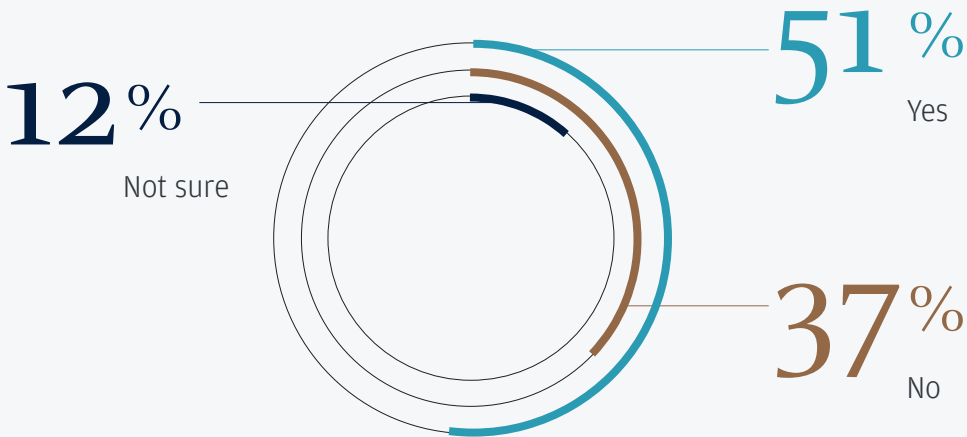
Optimistic - 75%, Neutral - 8%, Pessimistic - 17%

Economic perspectives and expectations

Amid growth, Indian business leaders have a positive view of the economy. Most are confident in the global (69%) and national (76%) economies. The optimism carries over to executives' industry and company outlooks, with roughly three-quarters of respondents expressing confidence.

Although down from 61% in 2023, more than half of Indian business leaders expect a recession in 2024.

Recession expectations down from 2023



Bullish on profits, revenue and sales

Leaders' optimism lines up with their positive business expectations. More than 9 in 10 Indian business leaders anticipate increased revenue/sales and profits in 2024. Similarly, most executives expect increased capital expenditures (80%) and credit needs (78%) in the year ahead, on par with 2023 responses. As a result, 76% of Indian business leaders currently reported using bank lines of credit. Leaders' other financing options include asset-based financing (63%), venture capital (57%) and using private debt or equity (56%).

Business expectations

■ Increase ■ Remain the same ■ Decrease

Revenue/sales



Increase - 92%, Remain the same - 5%, Decrease - 3%

Profits



Increase - 93%, Remain the same - 5%, Decrease - 3%

Capital expenditures



Increase - 80%, Remain the same - 17%, Decrease - 3%

Credit needs



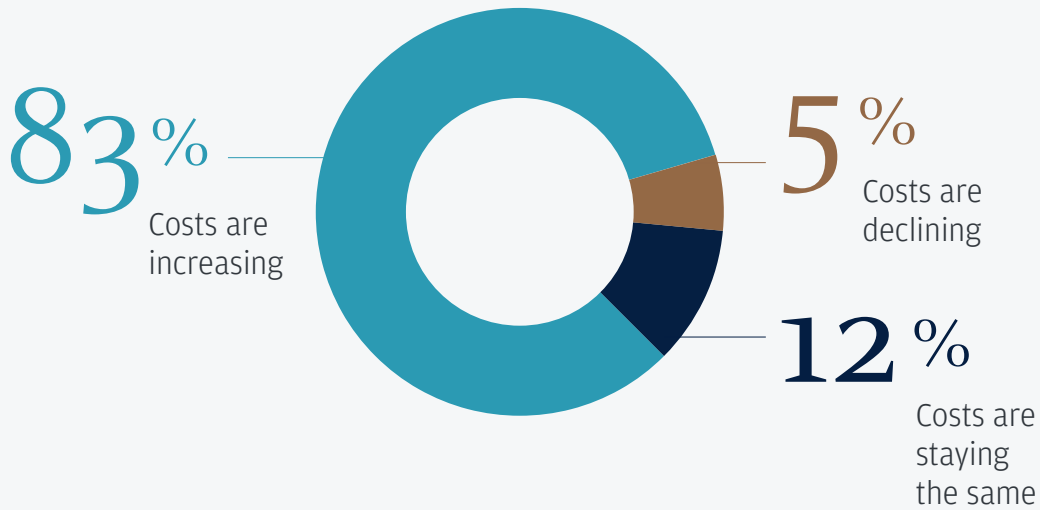
Increase - 78%, Remain the same - 17%, Decrease - 5%

Divided on top business challenges

The majority (83%) of Indian business leaders reported that inflation has driven up costs, an issue that could persist in the year ahead.

When asked about their top business concerns, Indian leaders were nearly evenly divided on their top business concerns. Respondents view global unrest (35%), as the biggest challenge ahead. Amid news of multiple data breaches, cybersecurity and fraud (31%) concerns were second. Climbing interest rates (28%) and the adoption of artificial intelligence and generative AI (27%) rounded out leaders' top business concerns.

How costs of business are changing



Top business challenges

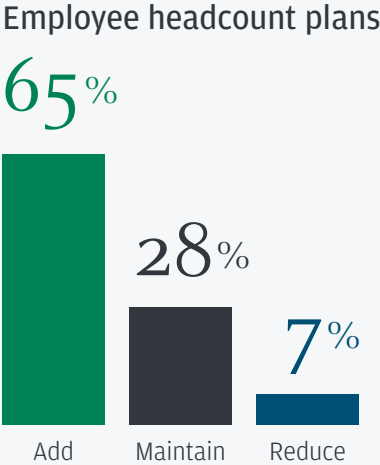
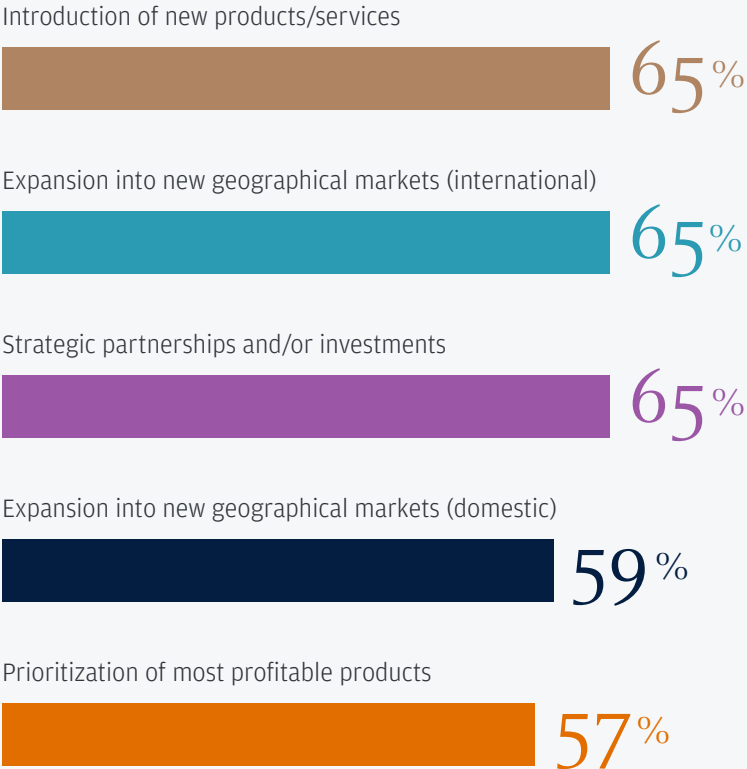


Companies' varied growth tactics

Most business leaders in India plan to introduce new products and services, expand into international markets and lean on strategic partnerships and investments (each 65%). Over half (57%) of leaders look to prioritize their most profitable products or expand into new domestic markets.

The majority of Indian business leaders expect to add workers in 2024 (65%), up 6 points from 2023. Fewer plan to reduce headcount (7%)—down from 19% in 2023. And more than a quarter (28%) expect to maintain headcount, up 6 points from 2023.

Growth strategies for the next 12 months

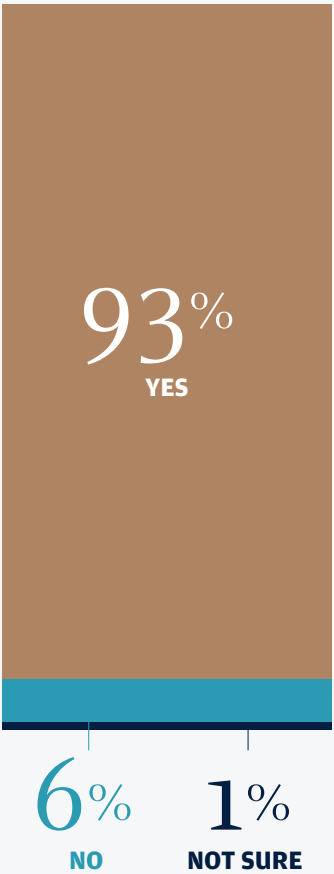


AI adoption –and concerns

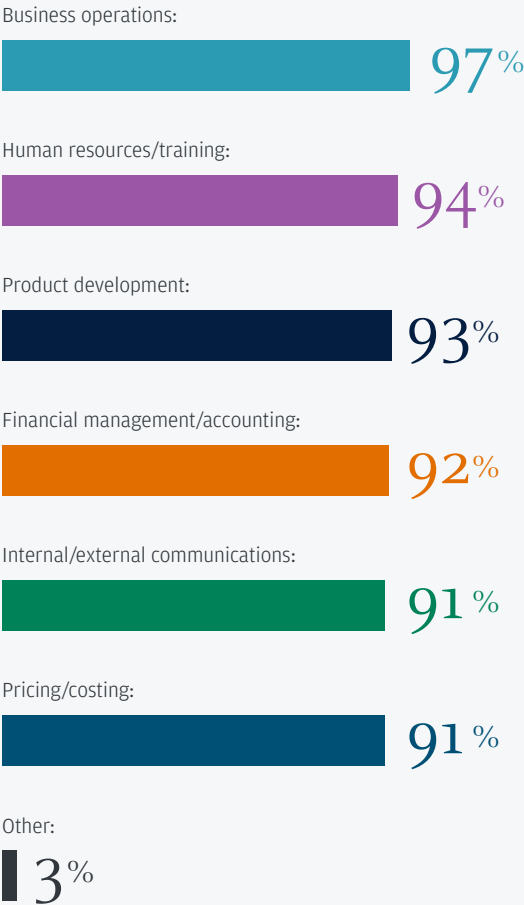
In line with the country’s reputation as a hotbed for innovation and technology, most Indian leaders are using artificial intelligence (AI) tools (93%), such as chatbots and virtual assistants.

The majority of respondents use or are considering using AI or machine learning across critical business areas, including operations, human resources and training, product development, financial management, communications and pricing. However, 27% of Indian business leaders consider AI adoption a top concern.

Use of AI tools like ChatGPT, virtual assistants and chatbots



Areas of AI applications*



*Among companies who said they currently use or plan to use AI tools

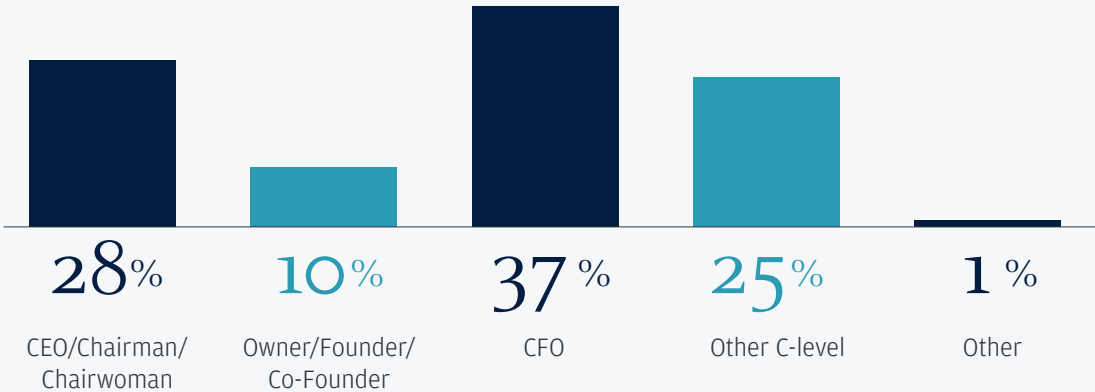
About the survey

In its second year, the annual India Business Leaders Outlook survey is a snapshot capturing the concerns and expectations of senior business leaders at midsize companies with annual revenues between ₹150 Cr and ₹16,000 Cr.

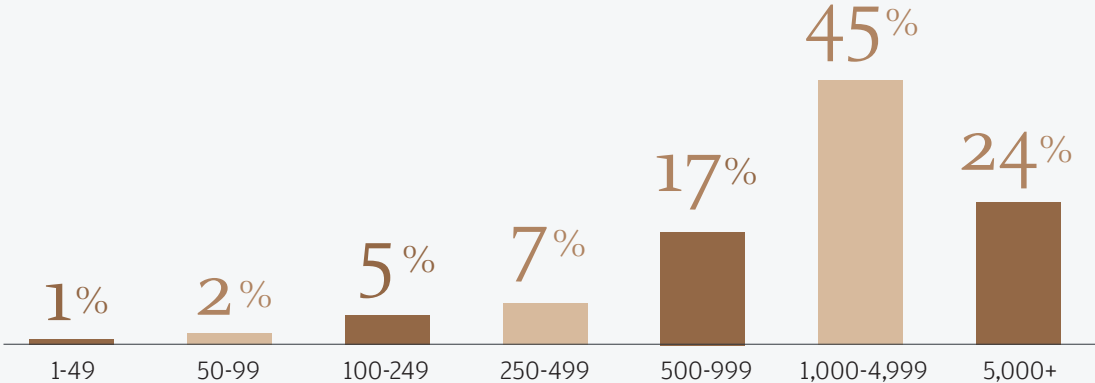
This year, 285 respondents completed the online survey between November 16 and December 13, 2023. Results are within statistical parameters for validity; the error rate is plus or minus 5.5% at the 95% confidence interval.

Note: Some numbers may not equal 100% due to rounding.

Who took the survey



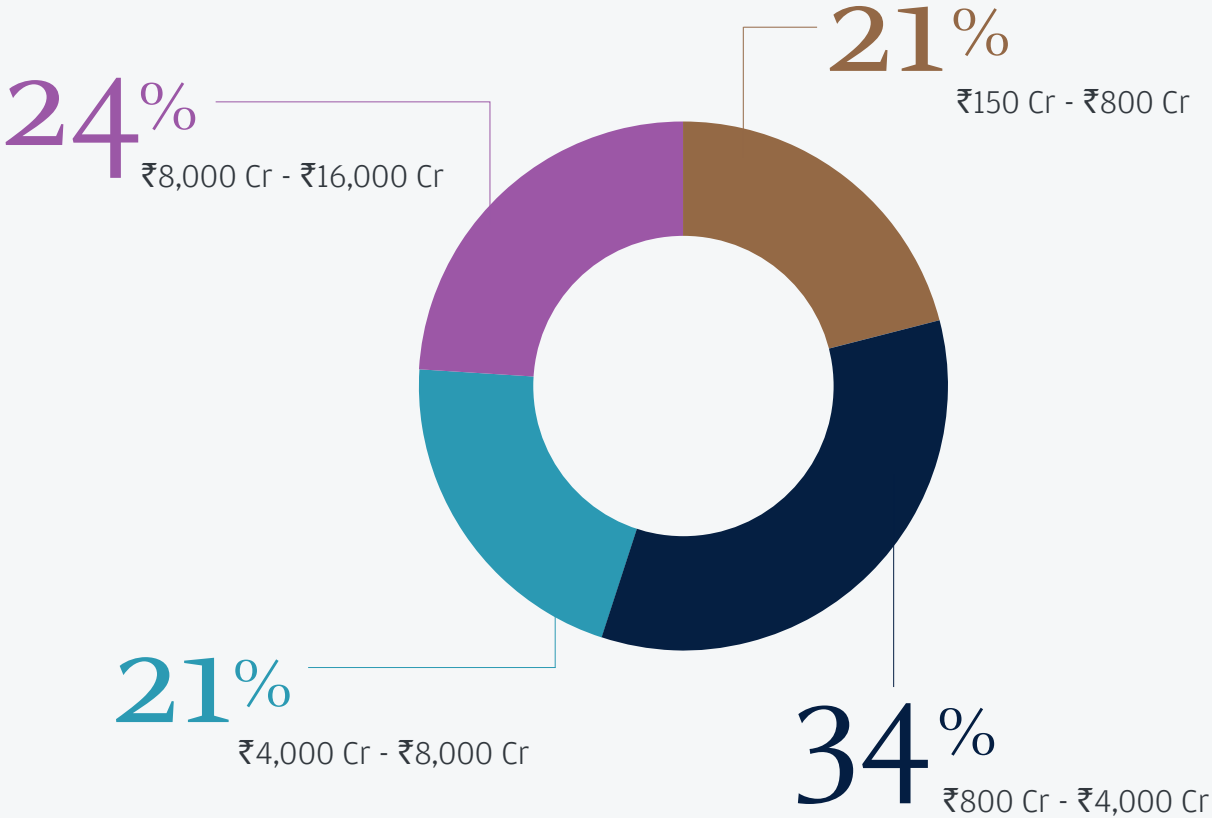
Company size by number of employees



About the survey

(Continued from the previous page)

Company size by annual revenue



Our experts



Kaustubh Kulkarni
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