Building the resilience of SMEs in India

Best positioned to support their local communities to build resilience

UNDRR Global Survey carried out from November 2019 through March 2020

SMEs comprise more than 90% of all businesses in most Asia-Pacific countries

38% of companies in India are aware of tools that can be used to understand the risk

57% of companies in India have a risk reduction strategy in place

52% of companies in India carry out risk assessments prior to new investments

Significant Risks Identified by SMEs Responses in India

*Other: E.g. riots, displacement of communities by big projects, militancy, third party damage, budgeting, currency fluctuation

**Partnership: an association of two or more persons to carry on as co-owners a business for profit
Global impacts of COVID-19 amplify urgency to build SME resilience

Global statistics:

- ½ of SMEs surveyed globally fear to be out of business within 3 months without further support.†
- 480m jobs lost globally.
- Only 15% of the measures implemented by OECD countries.‡

Critical Success factors that strengthen SME Resilience:

- Supporting and developing international and national policy frameworks that address the specific needs of SMEs
- Providing access to finance and financial products tailored to SMEs
- Combining Enterprise Risk Management and Business Continuity Management mechanisms to better incorporate and increase the focus on prevention
- Addressing interdependencies and inequities across value and supply chains

Top cited bottlenecks that delay business recovery (India):

- Lack of regulatory framework for recovery initiatives (43%)
- Lack of financial resources (57%)
- Uncertainty and lengthy bureaucratic procedures (48%)

Top cited bottlenecks that prevent investing in SME Resilience (India):

- Not considered an immediate priority (38%)
- Difficulty identifying effective measures (19%)
- Lack of awareness of risk and potential impacts on business (13%)

Global impacts of COVID-19 amplify urgency to build SME resilience:

- Working-hours losses due to the COVID-19 pandemic in the 2nd quarter of 2020.¶
- Global impacts of COVID-19 amplify urgency to build SME resilience.

Structural policies to strengthen longer-term resilience of SMEs.

= 480m jobs lost globally.

Critical Success factors that strengthen SME Resilience:

1. Out of 444 responses from 33 countries, 394 responses from 12 countries were utilized. Note that it is likely that respondents to the UNDRR 2020 survey are interested and engaged in risk prevention, or could be part of the ARISE, the Private Sector Alliance for Disaster Resilient Societies. This might have led to certain bias in response for the questions.
4. OECD 2020.
5. UNDRR estimate.