

## SME Roundup

**Contact:**

**Saikat Roy**  
Director & Head, SME  
saikat.roy@careratings.com  
91-22-6754 3404

**Saurabh Bhalerao**  
Associate Director  
Saurabh.bhalerao@careratings.com  
91-22-6754 3519

**Mradul Mishra (Media Contact)**  
mradul.mishra@careratings.com  
91-22-6754 3515

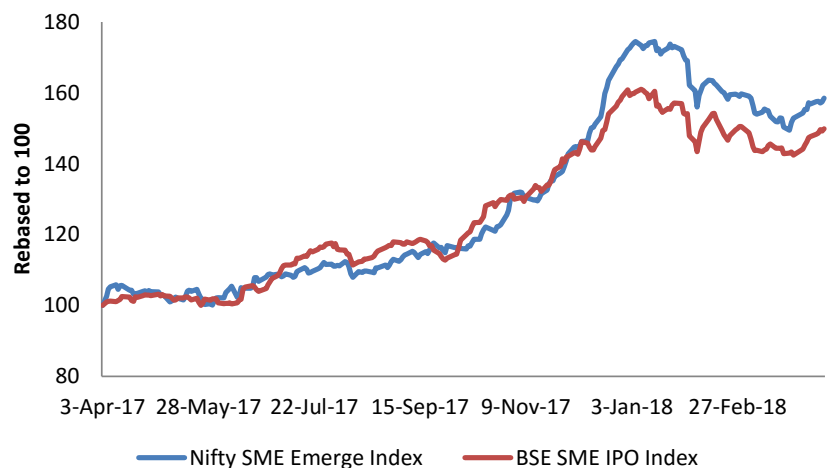
### Highlights

- Over the last fortnight, the SME indices have shown a small uptick in line with the broad market indices.
- There has been a significant increase in SME companies listing on the stock exchanges in FY18 as compared to the previous two years.
- The central as well as certain state governments have announced initiatives to boost exports along with plans to increase credit availability to SMEs.
- The package announced for the leather industry could increase the availability of skilled personnel and increase the cost competitiveness of the sector.

### 1. Capital Market Movement

#### Index Movement

##### SME Index Movement



Source: NSE Emerge, BSE SME Platform

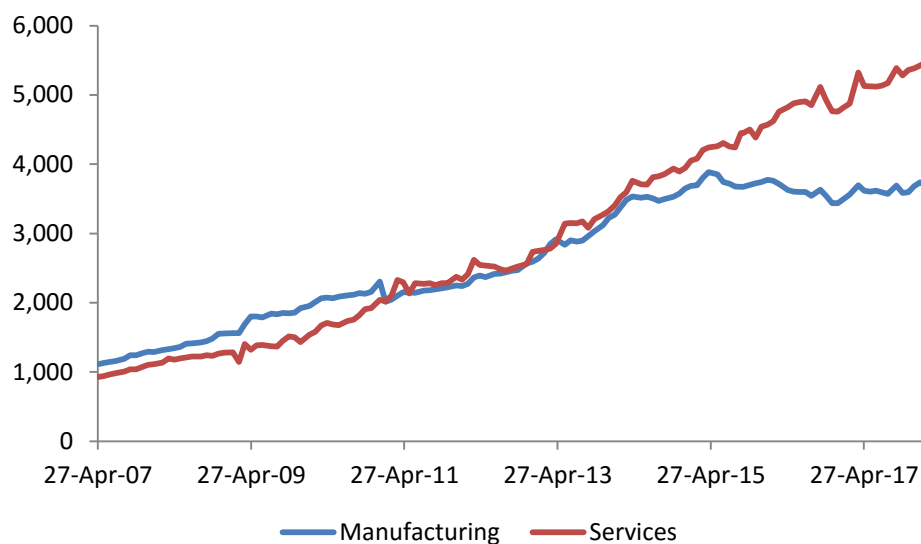
**Disclaimer:** This report is prepared by CARE Ratings Ltd. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report

	28/03/18	13/04/18	% change
Nifty SME Emerge Index	1,640.53	1,701.20	3.7
BSE SME IPO Index	1,854.24	1,950.60	5.2

Source: NSE Emerge, BSE SME Platform

## 2. Sectoral Deployment of Credit

Bank Credit to the MSME Sector (in Rs. bn)



Source: RBI

Sector	Outstanding as on				% Change		
	Mar. 2016	Feb. 2017	Mar. 2017	Feb. 2018	Feb, 2018 / Feb, 2017	Feb, 2017 / Mar, 2016	Feb, 2018 / Mar, 2017
Micro & Small Enterprises	8,476	8,437	9,020	9,176	8.8	-0.5	1.7
Manufacturing	3,715	3,562	3,697	3,703	4.0	-4.1	0.2
Services	4,761	4,875	5,322	5,472	12.2	2.4	2.8

Source: RBI

## 3. Key Developments

### SME IPOs continue to catch investors' fancy; raise Rs 2,155 crore in FY18

In FY18, 148 SMEs raised approximately Rs 2,155 crore through IPOs, a significant increase over the last year. In FY17, 80 companies had raised funds through IPOs, while in FY16, 46 companies had raised funds through IPOs. These funds had been intended for business expansion plans, working capital requirements and other general corporate purposes.

Impact: These increasing numbers indicate both the buoyancy in the primary market as well as the rising diversification of fund raising by the smaller companies. Additional options to access funds indicates that

such companies may not depend only one bank financing/ promoters contribution and would be able to scale up using a variety of financing options.

### [Govt announces digital initiative to ease exports](#)

The government has launched digital initiatives by Export Inspection Council to facilitate exports. The export value chain has been integrated in this digital platform. The portal would provide a unified approach to all stakeholders such as accreditation bodies, regulators and laboratories and individual exporters.

Impact: The government's push for increasing exports is creditable as this could potentially reduce timelines associated with export documentation. Further such a portal would also provide accountability by highlighting a where an issue is stuck and would also highlight the solutions required to resolve the issue. Such a portal would provide

### [MSME Ministry working on certification of credit worthiness of small businesses](#)

The MSME Ministry is reportedly working on a portal that would certify the credit worthiness of small players based on certain identified parameters which can be submitted to banks. The Ministry would rate the credit worthiness of a proprietor or firm based on certain criteria and post due diligence would generate a certificate. The facility would be provided in the National Enterprise portal which would serve as an interface between the MSME companies and other Ministries & the outside world.

### [SME lending startup Namaste Credit has raised \\$3.8 Mn](#)

Namaste Credit, a SME lending platform, has raised \$3.8 Mn in Series A round of funding from Nexus Venture Partners. The company plans to use the funding to grow its geographic footprint and enhance its technology and data analytics platform.

Impact: The Company utilises technology to lend to SMEs. Expansion plans of any company which provides access to finance to SMEs is a net positive for the SME sector.

### [West Bengal govt to set up integrated promotion hub for SMEs](#)

The West Bengal government has announced plans to setup Biswa Khudra Bazar, an integrated production and promotion hub for SMEs, near Santiniketan on a 50-acre land parcel. The scheme would comprise of three units, namely, one for production, another for the promotion & sale and last one to develop new markets. The scheme aims to boost sales as well as reduce transportation costs, thereby increasing SME profitability.

Impact: Any government initiative to boost SME revenues and profitability is certainly important. However, time bound implementation and promotion of this area would be the key to its success.

## **4. Other Updates**

### **The Central Government launches the Indian Footwear, Leather & Accessories Development Program**

#### **Overview**

According to Council for Leather Exports, the size of the leather industry was approximately \$18bn in FY17, which consisted of exports of \$5.7bn and domestic sales of \$12bn. The industry also provided

employment opportunities to approximately 4.4 million people. The government has approved implementation of Indian Footwear, Leather & Accessories Development Program (IFLADP) with an approved expenditure of Rs. 2,600 crores over the three financial years from FY18 to FY20 for employment generation. The IFLADP consists of seven sub-schemes, 1) Human Resource Development, 2) Mega Leather, Footwear and Accessories Cluster (MLFAC), 3) Integrated Development of Leather Sector (IDLS) Scheme, 4) Leather Technology, Innovation and Environmental Issues, 5) Establishment of Institutional Facilities, 6) Promotion of Indian Brands in Leather, Footwear & Accessories Sector, and, 7) Additional Employment Incentive for Leather, Footwear.

- Provide grant/subsidy of 30% of the cost of machinery to MSMEs and 20% of the cost of machinery to others for modernization and set up of new units
- Provide assistance of up to 70% of the project cost for upgradation/installation of Common Effluent Treatment Plants (CETPs).
- Provide assistance for skill development: @ Rs. 15,000 per person for unemployed persons, @ Rs. 5,000 per employee for skill up-gradation, and @ Rs. 2 lakhs per person for training of trainers. Contribute 3.67% to PF for all new employees for first 3 years of their employment.
- Provide assistance to promote Indian brands, Government assistance limited to 50% of total project cost subject to a limit of Rs.3 crores for each brand, each year for 3 years.
- Establish a Mega Leather, Footwear and Accessories Cluster. Provide subsidy up to 50% of project cost excluding land, at a maximum of Rs. 125 crores.

### CARE Ratings View

This move by the government is expected to increase the availability of skilled personnel to the sector, would enable units to better comply with rising environmental standards and increase the cost competitiveness of companies as subsidies would be provided for modernization of capital equipment. Such cost competitiveness is expected to enable companies perform better in the international markets.

#### CORPORATE OFFICE:

**CARE Ratings Limited** (Formerly known as Credit Analysis & Research Ltd)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022; CIN: L67190MH1993PLC071691

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457

E-mail: [care@careratings.com](mailto:care@careratings.com) | Website: [www.careratings.com](http://www.careratings.com)

Follow us on  /company/CARE Ratings  
 /company/CARE Ratings