

SME Roundup

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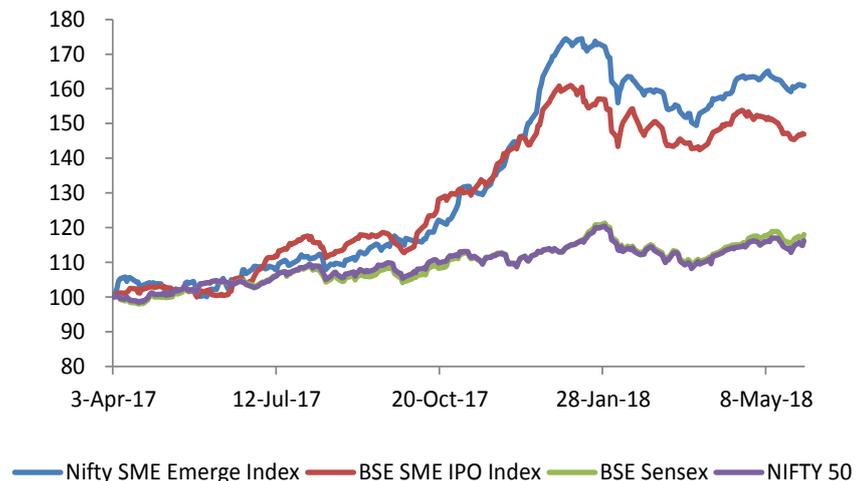
Highlights

- Over the last fortnight, the SME indices have reduced marginally in line with the broad market indices.
- As per FICCI survey, protectionist measures by countries could dampen exports, particularly those of SMEs.
- Private finance companies are extending formal funding channels and undertaking product innovation to fund SMEs
- Andhra Pradesh government has announced a policy to generate jobs by promoting SMEs across the states

1. Capital Market Movement

Index Movement

SME Index Movement



Source: NSE, BSE

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Index	14/05/18	31/05/18	% change
Nifty SME Emerge	1,746.80	1,727.23	-1.1
BSE SME IPO	1,957.85	1,912.99	-2.3
BSE Sensex	35,556.71	35,322.38	-0.7
Nifty 50	10,806.60	10,736.20	-0.7

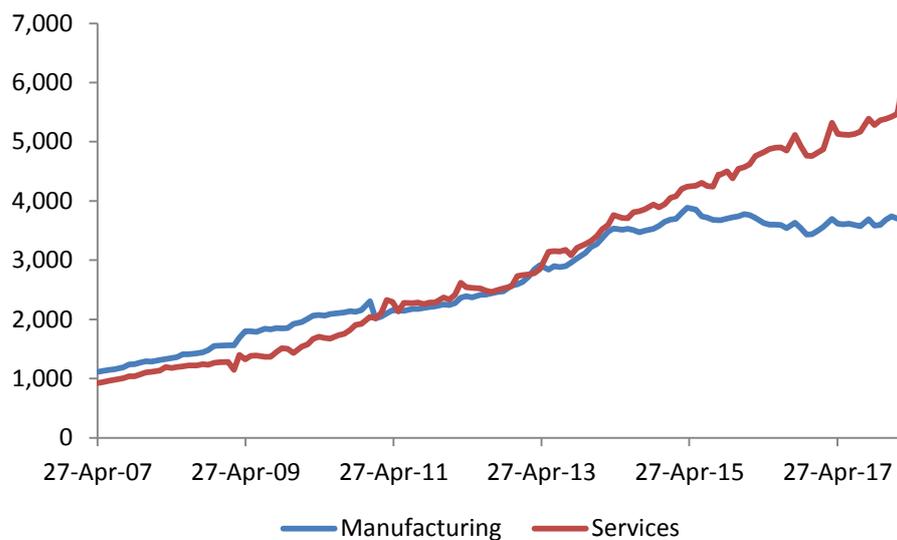
Source: NSE Emerge, BSE SME Platform

Upcoming IPOs

No	Company Name	Start Date	End Date	Issue Size	Issue Price	Lot Size	Platform
1	Palm Jewels	25-May-18	1-Jun-18	8.9	30	4000	BSE SME
2	Waa Solar	31-May-18	4-Jun-18	32.2	161	800	BSE SME
3	Sonam Clock	1-Jun-18	6-Jun-18	10.11	36	3000	NSE Emerge
4	Shree Oswal Seed	7-Jun-18	12-Jun-18	11.44 - 11.9	25 -26	4000	NSE Emerge

2. Sectoral Deployment of Credit

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



Source: RBI

Sector	Outstanding as on (Rs bn)			% Change	
	Mar.18, 2016	Mar.31, 2017	March 30, 2018	Mar.31, 2017 / Mar.18, 2016	Mar.30, 2018 / Mar.31, 2017
Micro & Small Enterprises	8,476	9,020	9,964	6.4	10.5
Manufacturing	3,715	3,697	3,730	-0.5	0.9
Services	4,761	5,322	6,234	11.8	17.1

Source: RBI

3. Key Developments

[Protectionism may hit Indian exports, MSMEs: FICCI survey](#)

According to the FICCI's Economic Outlook Survey, trade dispute between US & China and protectionist measures by other countries could affect the Indian exporters, including SMEs particularly in sectors like iron and steel, machinery and metal products, chemicals and agricultural goods.

Impact: Any measures which restrict global trade could affect the export oriented units negatively. The government would have to negotiate exemptions to ensure that exports of commodities which involve SMEs to ensure that the negative impact is limited.

[Actis sets up SME-focused lending platform in India; commits \\$220 mn](#)

Actis, a private equity firm, has announced plans to invest up to \$220 million over five years in a non-banking financial company set up by Mr. KV Srinivasan, the former CEO of Reliance Commercial Finance. The NBFC would focus on loans against collateral to SMEs

Impact: Access to formal credit is always a challenge for the SME segment. Any measures, whether public or private, that improves availability of finance to SMEs is welcome as it would enable SMEs to access capital for faster growth.

[Bajaj Finserv offering collateral free loans to SMEs](#)

Bajaj Finance Ltd is offering collateral free business loans to SMEs to maximize their growth potential as SMEs are not able to access funding without meeting this stipulation.

Impact: Product innovation which would enable more SMEs to access funding is always welcome. However, diligence would be needed to ensure that such loans are repaid on time.

[AP government plans MSME parks in every Assembly segment](#)

The Andhra Pradesh government has announced a 5 year SME policy with a target to create approximately 200 parks of 30,000 SMEs with an employment potential for three lakh people and an investment of Rs 45,000 crore. The government is proposing to have one M-Park with an investment of Rs 225 crore to create 1,500 jobs in each of the 175 Assembly constituencies.

Impact: Any government initiative to boost SMEs is certainly important. However, time bound implementation would be the key to its success. This will come as a boost to this sector considering that it is still recovering from the twin policy actions of demonetization and GST. The employment potential is significant in the context of the current situation where growth in jobs has tended not to keep pace with overall growth.

4. Other Updates

Business Opportunities for MSME under Clean India Mission

The Government of India started the Swachh Bharat Abhiyan in 2014. The mission aims at construction of toilets, promoting sanitation programs, street cleaning, providing clean water for drinking and waste management. Many Micro, Small and Medium Enterprises (MSME) start-ups have commenced operations under this program.

The government has launched various initiatives to promote individual and corporate participation in the Mission. For instance, the Pune Municipal Corporation (PMC) is entering into contracts with private players to operate and maintain green waste management plants, for which PMC is providing land on lease and is also supplying collected garbage for further processing to the entities. Further, PMC is also aiding these entities to setup and operate the plant efficiently.

The scope of work includes processing of garbage into organic compost for which the entity receives tipping fees per metric ton from PMC. Hence, there is limited investment and technical expertise required to start the business which in turn is attracting many entrepreneurs to take up this model.

Further, the Government is also providing loans at concessional rates to promote the Mission under National Safai Karamcharis Finance and Development Corporation (NSKFDC). The mission has been allocated Rs.17,843 crore in the current year's budget.

Considering the Government initiatives and limited investment required in the business model, it is expected that the Clean India Mission will create ample of business opportunities for MSMEs in India.

Guest Update: MSME Scenario in West Bengal



Mr. Biswanath Bhattacharya
President,
FOSMI - Federation of Small and Medium Industries, West Bengal

Micro, Small and Medium Enterprises constitute the backbone of an economy in maintaining an appreciable growth rate and in generating employment opportunities. It is needless to mention that the contribution of MSMEs to the Indian economy in terms of employment generation, containing regional disparities, fostering equitable economic growth and enhancing export potential of the country has been quite phenomenal.

India is expected to emerge as one of the leading economies in the world over the next decade in the light of a positive political and economic scenario. In India, MSME are very large in numbers, diverse in type of business and are spread across remote geographies of a vast country. The MSME sector in India occupies the second position next alone to agriculture in terms of employment generation. This sector accounts for about 95% of the industrial units, 45% of manufacturing output, 40% of exports total exports of the country. Despite having such enormous achievement, a large portion of the MSMEs are informal and not registered with the formal eco system of MSME. It will require significant changes in philosophy and approach to be able to develop and deliver a new wave eco system which facilitates their development and seize the emerging domestic and global opportunities. At a minimum, any hindrances and hurdles in doing business are to be removed. This will help unleash young and dynamic

entrepreneurial talents in India who will be willing to make self-entrepreneurship the first career choice and develop growth companies.

While we see the MSME Scenario in the context of West Bengal, it is very much evident that Bengal has the highest number of MSMEs in the country with 52,69,814 units, Bengal accounted for 11.62 per cent of micro, small and medium enterprises, the most among the top 10 states of the country and the recent report 2016-17 of Govt of India shows that The eastern state left behind highly industrial regions like Maharashtra and Gujarat in the race, “This is a very true scenario, what the state is doing towards creating businesses, entrepreneurs and job in the state with the development of MSMEs. The report also have highlighted that in 2017, that the contribution West Bengal MSMEs in the last five years is very significant as it contributes nearly 6 per cent to the GDP, 33 per cent to manufacturing and 45 per cent to exports, according to government data.

Micro, Small and Medium and Textiles (MSME&T) Department, Government of West Bengal visualizes the State to be an opportunity for everyone, regardless of location and position, striving towards an eco-system that attracts people and investment to the State. In this vision the State Govt. launched the web portals with objective of creating a platform for connecting Entrepreneurs, Investors and Professional Experts to promote and attract investment in Bengal MSMEs and such portals are operational through various modules.

Issues and Challenges generally most common for MSMEs in most of the states, however, respective State Government make their best effort from their side to support the MSMEs to function in a congenial and conducive environment considering the pivotal role and strategic importance of MSMEs in the context of industrial development and economic growth

(Views expressed are personal, Edited for clarity)

CARE Ratings’ presence in SME related activities



CARE Ratings in association with CII SME Finance Facilitation Centre (CII FFC) organized a webinar on ‘Role of Credit Rating in Increasing the Odds for MSME Financing’ on May 18, 2018. The speakers were Mr. Saikat Roy, Director and Mr. Kalpesh Patel, Associate Director.

Mr. Harsh Raj Sankhla (Sr. Manager) and Mr. Vishal Jain (Deputy Manager) conducted a session on “Credit Rating Perspective” at SBI Commercial Branch (Jaipur) on May 21, 2018.





Mr. Manish Kumar (Senior Manager) and Mr. P. Shanti (Deputy Manager) conducted a session on 'Credit Risk Assessment' at the Hyderabad Divisional Office of Karur Vysya Bank on May 25, 2018.

Mr. Vaibahv Sahu, Mr. Nikhil Soni and Mr. Gyansingh Sanger conducted a session on Importance of Credit Rating, Rating Methodology and Rating Processes for Association of All Industries at Mandideep, Madhya Pradesh.



Mr. Manish Kumar – GH (SME South), Mr. Aakash Jain – Assistant Vice President and Mr. Manoj Kumar conducted a presentation on credit rating methodology for the Officers of SBI Commercial Branch, Guntur.