

SME Roundup

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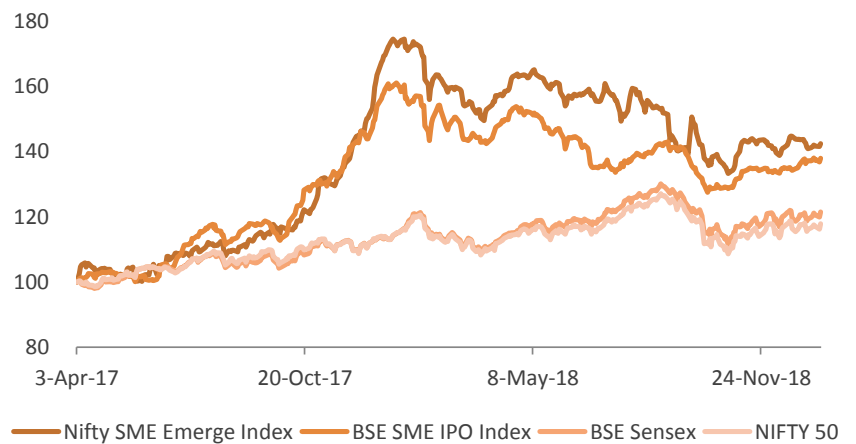
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Highlights

- Over the last fortnight, the stock markets remained volatile, with both broad market indices as well as the SME indices traded sideways.
- SMEs have raised over Rs. 2,400 cr through IPOs in 2018.
- RBI has reportedly expressed concern over rising defaults in the Mudra scheme.
- Central and State governments are undertaking several measures to boost business activity and employment in the MSME sector.

1. Capital Market Movement

SME Index Movement



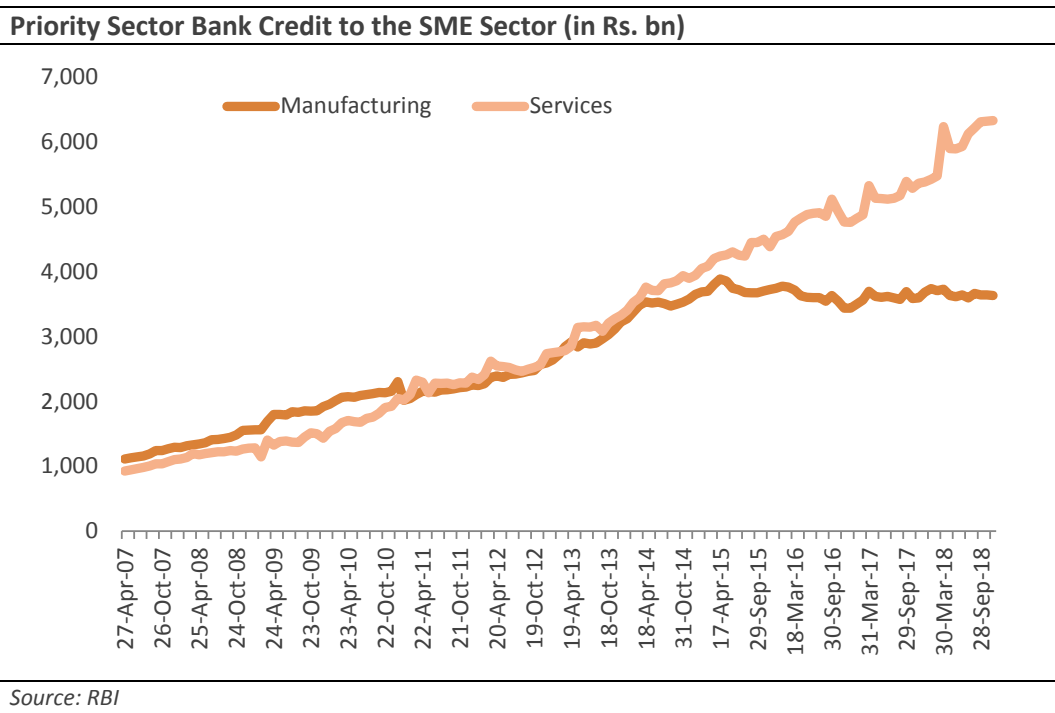
Source: NSE, BSE

Index	31/12/18	15/01/19	% change
Nifty SME Emerge	1,542.09	1,528.19	-0.9%
BSE SME IPO	1,789.57	1,796.00	0.4%
BSE Sensex	36,068.33	36,318.33	0.7%
Nifty 50	10,862.55	10,886.80	0.2%

Source: NSE Emerge, BSE SME Platform

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2. Sectoral Deployment of Credit



Item	Outstanding as on (Rs. Bn)				Growth (%)	
	Mar. 30, 2018	Nov. 24, 2017	Oct. 26, 2018	Nov. 23, 2018	FY so far 2018-19	Y-o-Y 2018
Micro & Small Enterprises	9,964	8,953	9,961	9,957	-0.1%	11.2%
Manufacturing	3,730	3,592	3,642	3,630	-2.7%	1.1%
Services	6,234	5,361	6,319	6,327	1.5%	18.0%

Source: RBI

3. Key Developments

[SME IPOs make a mark in 2018; record Rs 2,455 crore garnered](#)

A total of 145 SMEs raised approximately Rs 2,455 crore in 2018 as compared with 133 firms raising Rs 1,785 crore in 2017. In 2018, the average initial share-sale offers increased to Rs 17 crore from Rs 13.42 crore in 2017.

[RBI cautions Centre against rising NPAs under Mudra](#)

According to Finance Ministry sources, the RBI has expressed concern over the possibility of a significant rise in non-performing assets (NPAs) under the Pradhan Mantri Mudra Yojana. RBI has stated that bad loans under PMMY have risen to Rs 11,000 crore, while as per the FY18 annual report of PMMY, total disbursements under the scheme stood at Rs 2.46 trillion in FY18.

[GST: Relief for SMEs welcome, but may shrink the tax base, break value chain](#)

The Goods and Services Tax (GST) Council in its 32nd meeting has decided to 1.) Increase the threshold exemption to Rs.40 lakh (albeit at the option of the state), 2.) Increase the composition limit to Rs.150 lakh from April 1, 2019, 3.) Introduce a composition option for service providers with a turnover of Rs.50 lakh at a 6% rate and 4.) Reduce the return filing periodicity from four returns a year to one return per year for composition dealers.

[Good and bad news for MSME sector! Even as credit growth improves, default rates rise](#)

According to TransUnion CIBIL-SIDBI MSME Pulse, credit growth to MSME segment has improved and so has the default rates among borrowers taking multiple loans from MSME lenders have increased. The commercial credit witnessed a 13.5% y-o-y growth in the September 2018 quarter, while the total on-balance sheet credit exposure in India stood at Rs 105.5 lakh crores as of same quarter.

[16 GIDC estates planned for 8,000 new MSME units](#)

Mr. D Thara, the Vice-Chairman and Managing Director of GIDC stated that the government was planning 16 new GIDC estates spread across 2,420 hectares to boost the MSME sector. They would focus on multi-sector industrial development however; some estates will have concentration of plastic, auto-parts etc due to their proximity to major plants

[DC-MSME, IOD forms strategic alliance to train Indian MSMEs](#)

The Development Commissioner, Ministry of Micro Small and Medium Enterprises (DC-MSME) and Institute of Directors (IOD) have signed a MoU to train India's micro and small enterprises on best practices in corporate governance. The areas that are covered under the MoU include curated training programs of corporate governance competencies and IOD membership opportunities for senior MSME professionals/personnel.

[MP government amends MSME policy to provide 70% jobs to locals](#)

The MP government has modified its MSME policy to make it compulsory to provide 70% jobs to permanent residents of the state for availing benefits. Accordingly, concessions such as cheap land and other subsidies will be given to MSMEs only if they offer 70% employment to local persons. The amendment will be applicable to only those MSMEs which start production after December 31, 2018.

CARE Ratings' presence in SME related activities



Mr. Aakash Jain, Associate Director, CARE Ratings was a Guest Speaker for a session on "Policies & Governance" in an International Conference on "Impact of current events on the future of business" organized by Vignan Jyoti Institute of Management, Hyderabad dated 5th January, 2019.