

The monthly SME roundup provides an update on the capital market movement in the broad SME indices, upcoming IPOs in the SME space and key developments in the sector. The report also takes a closer look at the credit growth in the MSMEs.

Capital market movement

Table 1: Capital Market Movement

Index	31-Mar-21	30-Apr-21	% change
Nifty SME Emerge Index	1,794	2,052	14.3
BSE SME IPO Index	1,627	2,260	38.9
BSE Sensex	49,509	48,782	-1.5
Nifty 50	14,691	14,631	-0.4

Source: NSE Emerge, BSE SME Platform

- BSE SME IPO index has outperformed Nifty SME Emerge Index and both BSE Sensex and Nifty 50 index in April 2021. Both the SME indexes have registered significant gains as at end-April 2021 compared with end-March 2021.
- Nifty SME emerge index closed 14.3% higher at month-end April 2021 while BSE SME IPO index closed ~39% higher by the month-end.

IPOs in April 2021

Company Name	Start Date	End Date	Offer Price (Rs.)	Face Value	Platform
Rajeshwari Cans Limited	31-03-2021	07-04-2021	20	10	BSE
Jetmall Spices and Masala Limited	31-03-2021	06-04-2021	20	10	BSE

There are no active IPOs at present at both BSE and NSE.

Sectoral Deployment of Credit: MSMEs

- In FY21, the Sectoral deployment of credit to MSMEs grew by 4.8%, higher than the growth of 2.9% during FY20, reflective of the subdued pace of growth to the MSMEs during the last two years. The growth in credit to the MSME segment has been lower than the growth in non-food credit of 4.9% in FY21.
- Out of this, the credit to services sector (micro and small enterprises), which accounts for around 60% of the total bank credit disbursed to MSME sector grew by 4.4% in FY21 compared with 0.2% in FY20. The outstanding credit to the manufacturing sector grew at a very slow pace of 0.5% in FY21 after a sluggish pace of 1.7% in FY20.
- The outstanding credit to medium enterprises has witnessed a sharp growth of almost 29% in FY21 and has driven the overall growth in credit to the MSME segment.

Table 2: Bank credit to SME Sector

Sector	Outstanding as on			% Growth	
	Mar.29, 2019	Mar.29, 2019	Mar.27, 2020	FY20	FY21
Micro & Small Enterprises	10,46,690	10,80,373	11,07,236	3.2	2.5
Manufacturing	3,75,508	3,81,825	3,83,854	1.7	0.5
Services	6,91,670	6,92,868	7,23,382	0.2	4.4
Medium Enterprises	1,06,392	1,05,597	1,36,054	-0.7	28.8
Total	11,53,082	11,85,969	12,43,290	2.9	4.8

Source: Reserve Bank of India

Key policy measures

- **Government relief measures for taxpayers under GST in view of severe COVID-19 pandemic**

- a. Reduction in rate of interest for delayed tax payments for the period of March and April 2021

	First 15 days from due date	After 15 days
Turnover above Rs 5 crs	9%	18%
Turnover upto Rs 5 crs	0%	9%*
Registered under composition scheme	0%	9%*

*After 30 days, the rate of interest will be 18%

- b. Waiver of Late fees

	Waiver details
Turnover above Rs 5 crs	Late fee waived for 15 days in respect of returns in FORM GSTR-3B furnished beyond the due date for tax periods March, 2021 and April, 2021, due in the April 2021 and May 2021 respectively
Turnover upto Rs 5 crs	Late fee waived for 30 days in respect of the returns in FORM GSTR-3B furnished beyond the due date for tax periods March, 2021 and April, 2021 (for taxpayers filing monthly returns) due in April 2021 and May 2021 respectively / and for period Jan-March, 2021 (for taxpayers filing quarterly returns under QRMP scheme) due in April 2021

- c. Extension of due-dates of filing GSTR-1, IFF, GST-4 and ITC-04

- **Credit guarantee Scheme for Subordinate Debt extended upto 30th September , 2021**

The Central Government had announced a creation of distressed assets fund – subordinate debt for stressed MSMEs on 13th May, 2020 under the Athmanirbhar Bharat package. This scheme was to provide credit facility through lending institutions to the promoters of stressed MSMEs viz. SMA-2 and NPA accounts who are eligible for restructuring as per RBI guidelines on the books of the Lending institutions. This scheme has been extended till 30th September 2021.

- **Liquidity Facility for All India Financial Institutions**

RBI plans to extend fresh liquidity support of Rs 50,000 crs to AIFIs for undertaking lending in 2021-22. NABARD will be provided special liquidity facility (SLF) of ₹25,000 crore for a period of one year to support agriculture and allied activities, the rural non-farm sector and non-banking financial companies-micro finance institutions (NBFC-MFIs). SLF of ₹10,000 crore will be extended to NHB for one year to support the housing sector. To meet the funding requirements of micro, small and medium enterprises (MSMEs), SIDBI will be sanctioned ₹15,000 crore.

- **On-lending via NBFCs extended till 30 September, 2021**

In August 2019, banks were allowed to classify lending to registered NBFCs as priority sector lending up to 5% of bank's total PSL for on-lending to agriculture/ MSMEs/ Housing till March 31, 2021. This has been further extended by 6 months till 30 September, 2021.

Key developments

- **Small business lender Lendingkart to disburse loans to 5,000 MSMEs via NBFC arm**

Lendingkart, which offers business loans and working capital loans, has raised \$15 million debt for its NBFC arm Lendingkart Finance and will target to reach over 5,000 MSMEs for credit support with a focus on women entrepreneurs and small businesses.

- **PayPal enables collateral-free loans up to Rs 1 cr for MSMEs**

Digital payments company PayPal plans to offer collateral-free business loans to Indian merchants which include MSMEs, women entrepreneurs, sole proprietors and free-lancers. This will be done through the digital lending platform focuses on small-business Flexiloans.

- **NBFCs seek extension of MSME restructuring scheme till March 2022**

Non-banking finance companies (NBFCs) have requested the Reserve Bank to extend the one-time restructuring scheme of MSME advances till March 31, 2022. In February 2020, The RBI had permitted one-time restructuring of existing MSME advances, classified as 'standard' without downgrade in the asset classification subject to certain additional provisioning and other compliances and the time limit allowed for implementation of the scheme was December 31, 2021.

- **Uncertainty looms large for textile MSMEs:**

MSMEs in the textile sector, which had recovered to up to 90% of their pre-Covid production capacity before the second wave struck in March this year, are staring at business uncertainty in May. The recovery had hit around 80% of the production capacity by December last year. However, with fresh Covid restrictions including lockdown, night curfew, weekend curfew, etc., across the country, MSMEs are fearing a decline in production capacity again.

- **Credit assistance by SIDBI at 4.5-6% interest rate**

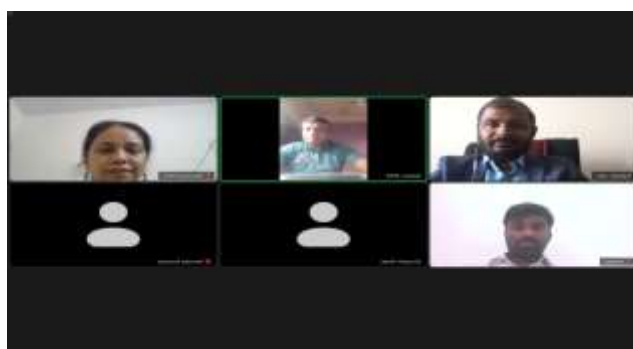
The Small Industries Development Bank of India (Sidbi) has launched two quick-delivery schemes to fund businesses in the micro, small and medium enterprise (MSME) segment that are helping tackle the second wave of the coronavirus pandemic. Under the SHWAS (Sidbi assistance to Healthcare sector in War Against the Second wave of Covid) scheme, MSMEs engaged in manufacturing of oxygen cylinders, oxy-generators, oxygen concentrators, liquid oxygen or providing services in transportation, storage, refilling or supply of these items will be eligible for low-cost credit. Under the AROG (Sidbi Assistance to MSMEs for Recovery & Organic Growth during Covid) scheme, small units engaged in manufacturing of products or providing services, which are directly related to fighting Covid, such as pulse oximeters, permitted drugs (Remdesivir, Fabiflu, Dexamethasone, Azithromycin, etc), ventilators, and PPE will get credit.

- **BHEL to procure 300 products worth Rs 3,000 crs from MSMEs**

Bharat Heavy Electricals Ltd has identified 300 products for exclusive procurement from micro, small and medium enterprises (MSMEs) worth around ₹3,000 crore on an average annually.

CARE Ratings' presence in SME activities

- Aakash Jain, Associate Director conducted an interactive session with Bank of Baroda, Zonal office Pune dated 26th April, 2021. Mr Manish Kaura(Zonal Head) & Mr Ajit, Chief Manager were part of the discussion. Ms Ranjana facilitated the said discussion. Discussion on various offerings from CARE, industry scenario etc. were discussed. Bank of Baroda has expressed to keep closer engagements with CARE for their various requirements this year for mutual benefit.
- Aakash Jain, Associate Director conducted an interactive session with ICICI Bank(Real estate team), Pune dated 12th April, 2021. Mr Gupta(Head- Real estate, ROMG & CG), Mr Sanjay & others from his team were part of the discussion. Discussion on rating methodology & sectoral update was done by Mr Divyesh, Associate Director & Ms Monika, Sr. Manager. Ms Ranjana was also part of the discussion from CARE relationship team.



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