


News monitored for: CRISIL

CRISIL SME TRACKER

Special measures introduced for MSME exporters

CRISIL has analysed the performance of micro, small, and medium enterprises (MSMEs) for which it had undertaken renewal ratings on the basis of their 2013-14 (financial year April 1-March 31) financials. The analysis reveals that the average exports of these enterprises grew by 22.64 per cent

AVERAGE EXPORTS PER MSME



Year	Average Exports (₹ cr)
2012-13	3.71
2013-14	4.55

to ₹4.55 crore in 2013-14, from ₹3.71 crore in 2012-13. However, India's merchandise exports fell for the eleventh consecutive month in October 2015, making the downward trend a cause for concern. MSMEs account for 45 per cent of the country's total exports – a significant contribution. And, while sectors such as readymade garments, drugs and pharmaceuticals, and electronics – where MSMEs have a strong presence – have registered growth, other key segments also with a strong MSME presence, such as chemicals, engineering goods, and gems and jewellery, have witnessed a contraction.

The government took steps specifically for MSME exporters, such as increase in duty drawback rates and interest subsidy of three per cent (now called Interest Equalisation Scheme) in November 2015, which are aimed at encouraging growth in exports. However, as CRISIL Research recently pointed out, while the falling trade-intensity of global growth acts as an external structural constraint, declining competitiveness, infrastructural bottlenecks, and labour market rigidity are domestic structural issues that might hold India back from achieving its target of doubling its exports in the next five years.

Note: This fortnightly tracker presents to our readers insights on MSMEs, a key element of the Indian economy. CRISIL has rated over 75,000 MSMEs in India. The analysis is based on the latest audited financial statements (i.e. 2013-14) of CRISIL-rated MSMEs. Most enterprises finalise their audited financials for the previous financial year by the end of the second quarter of the current one.