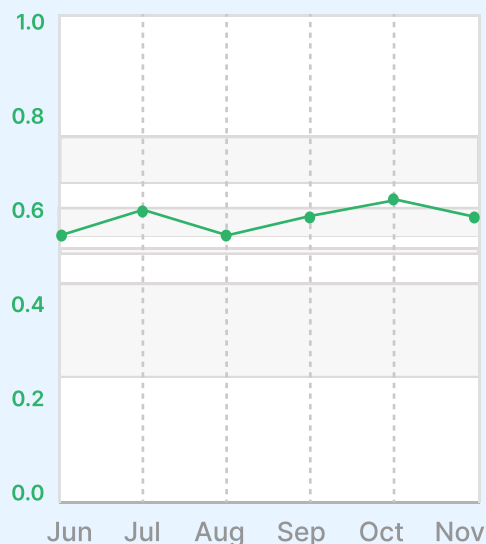


Can slow and steady growing MSMEs get a push?



**Insights from India's First
MSME Economic Activity Index**

2023



Dr. Sumita Kale
 Principal Economist,
 Jocata



Mr. Narasimhan V.
 Principal Advisor,
 Jocata

Nov'23 Jocata Sumpoorn 0.53

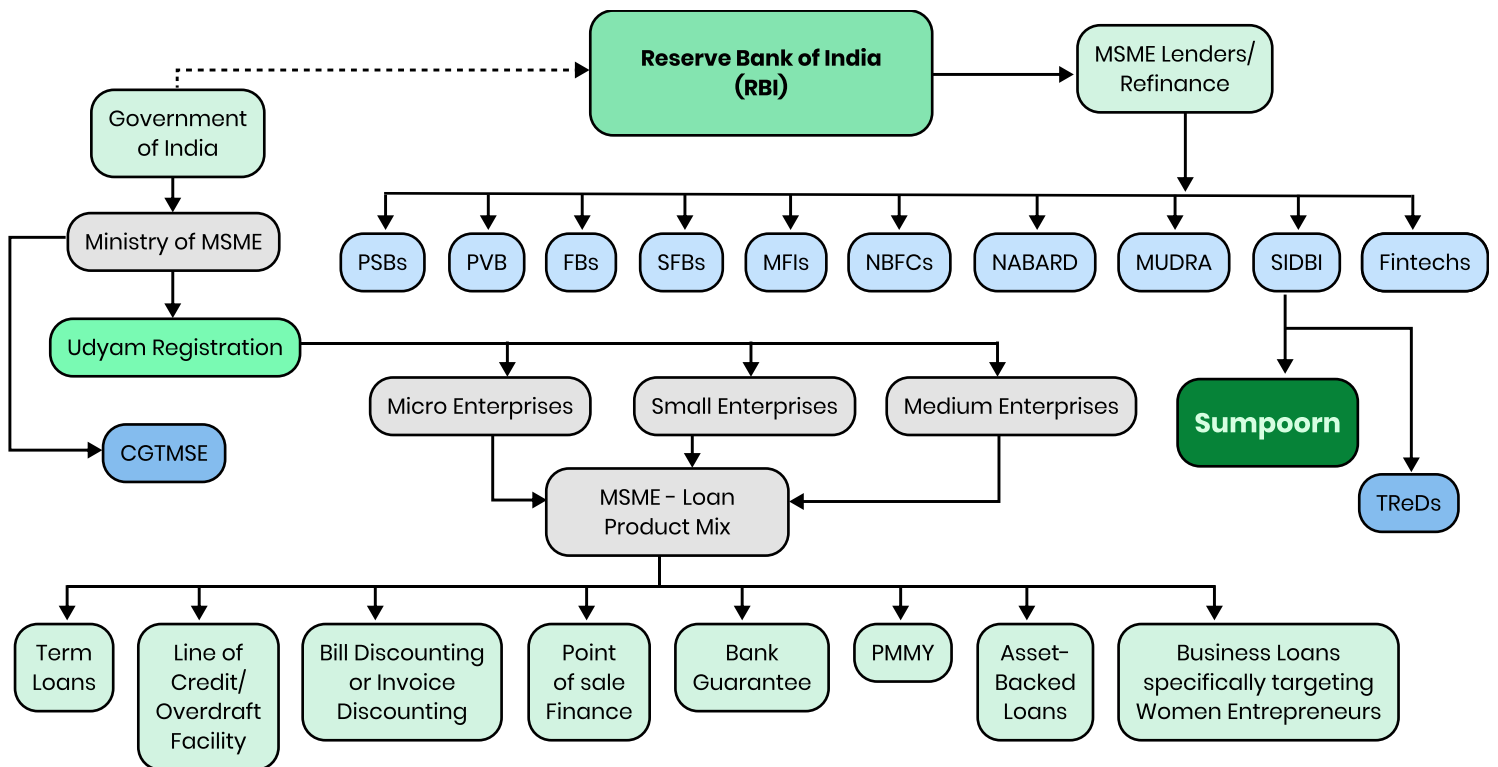
Jocata Sumpoorn stood at 0.53 in November, moving down from the level of 0.62 in October, indicating that sales activity of MSMEs is in the phase of marginal expansion.

Jocata Sumpoorn moved down to 0.53 in November indicating that the sales performance of credit-seeking MSMEs is at the level last seen in April 2023, down from the relatively higher zone of moderate expansion in October. A number of macro-indicators showed a similar trend. While bank credit to MSMEs continues to remain robust, the RBI press release on sectoral deployment of bank credit in November called out the "tapered down" growth in credit to NBFCs, which is expected to continue in response to the RBI measures tightening risk-weight norms. The RBI's latest Financial Stability Report for the second quarter of 2023-24 revealed a mixed picture - on one hand, the quality of bank MSME portfolios improved with the GNPA declining to 4.7% in September 2023 from 6.8% in March 2023 and 7.7% in September 2022 and on the other hand, SMA-2 loans (that is loans whose payments are overdue for 61 to 90 days) rose slightly to 1.7% in September 2023 from 0.9% in March 2023, showing some stress in the system.

The bright spot in export data also dimmed a bit in November - Non-petroleum and non-gems and jewellery exports which had risen by 11.74% in October, fell by 2.8% year on year in November. According to a recent reply in Parliament, the MSME sector accounted for 45.56% of India's exports in the first six months of this financial year, higher than its 43.59% share in 2022-23. The Jocata Sumpoorn therefore aligns with the export trend relatively closer.

Further, the S&P Global Composite PMI for India slipped to 57.4 in November from 58.4 the previous month - while Manufacturing PMI was marginally up at 56, compared to 55.5 in October, the Service PMI fell from 58.4 in October to 56.9 in November. The RBI's Financial Stability Report noted that while the overall GNPA of loans extended under the ECLGS rose to 6.5% in September 2023 from 5.5% in March 2023, services and trade loans that made up a third of the ECLGS disbursements, accounted for nearly half of the total delinquencies. Clearly, the impact of the pandemic is still flowing through the system and some sectors are more affected than others. So while the Indian economy continues to be on a strong footing, data from the Jocata Sumpoorn index over the year showing growth in the sales activity of MSMEs at a steady yet slow pace, makes the case for more targeted government support for the MSME sector.

Sumpoorn emerging as a strategic stakeholder in the MSME financing context



Jocata Sumpoorn's contribution to empowering MSME lending with SIDBI was recently recognised in the Inclusive Finance India Report (2023). The index's dynamic and digital approach to data has steered SIDBI's efforts to provide a "data-driven understanding of MSMEs to improve credit access for the sector and fuel its growth." The Report, an annual publication presenting advancements in financial inclusion, is published by The Global Inclusive Finance Initiative, a think-tank advocating for financial inclusion in India.

[Read Full Report](#)

What is Jocata Sumpoorn in association with SIDBI?

Jocata Sumpoorn in association with SIDBI is an MSME-specific high frequency indicator built using consent-led and anonymised sales data of 50,000+ MSMEs seeking credit from financial institutions. The sample is well-distributed across geography, turnover size and sectors.

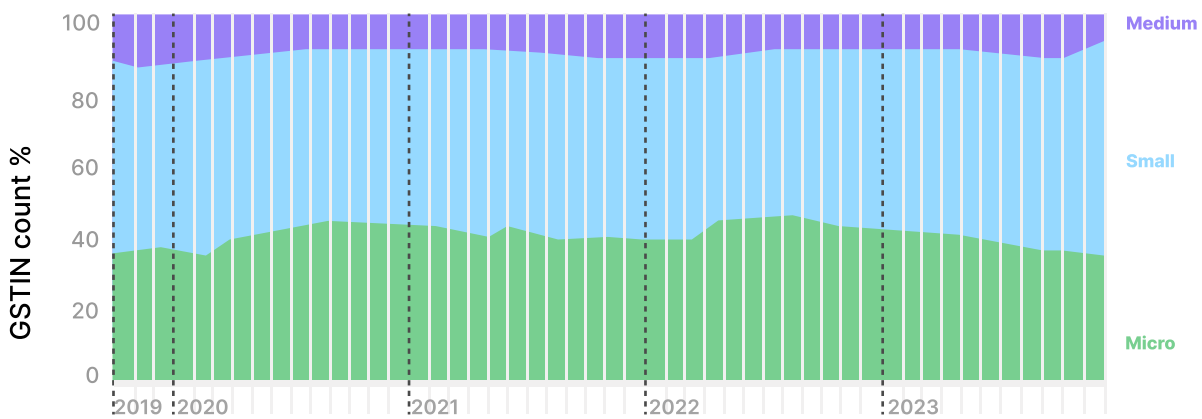


Fig - % Distribution by turnover size within MSME sample

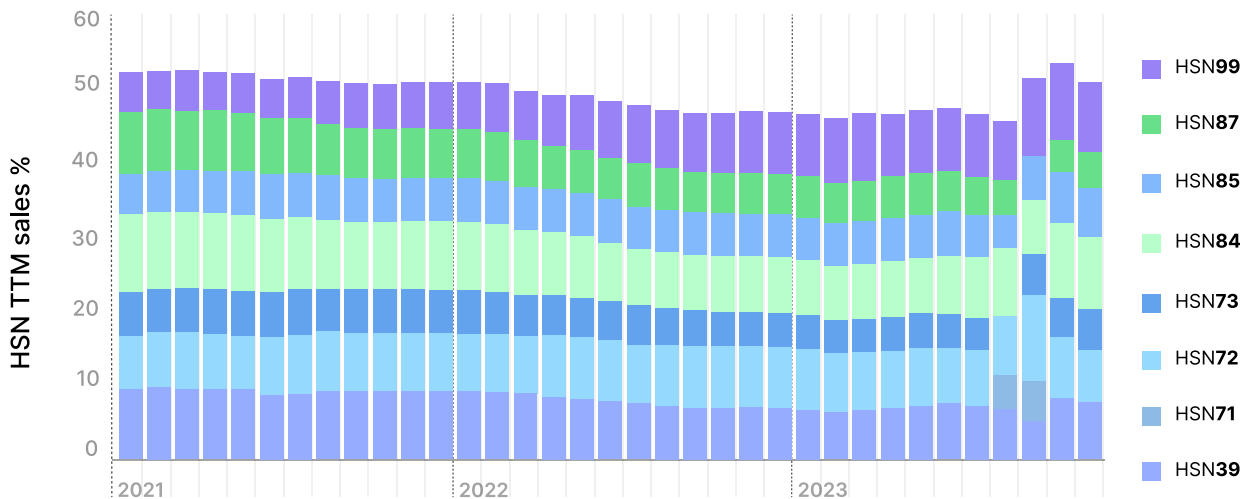


Fig.- % Distribution by value of top 7 HSNs within MSME sample



Share your feedback

Have a counterpoint? Write to us at sumpoorn@jocata.com



Partner with us

Working in the MSME space? We'd love to collaborate.



Know more

www.sumpoorn.in
www.jocata.com