

Press Release

May 31, 2019 | Mumbai

MSE sentiment moderates a touch, but still positive: CriSidEx

MSEs see fewer positive respondents in the January-March quarter

There was a moderation in sentiment among micro and small enterprises (MSEs) during the quarter ended March 31, 2019, the 6th CriSidEx survey shows.

At 122, the CriSidEx score for January-March 2019 was lower than the 128 seen in October-December 2018, but marginally up from 121 a year back.

At a parameter level, the share of positive respondents in manufacturing remained steady while the services sector reported a small increase in order-book size. Both sectors reported a decrease in the share of positive respondents in employee base compared with the previous quarter.

Says Mohammad Mustafa, Chairman and Managing Director, SIDBI, “On a year-on-year basis, MSEs operating in the leather & leather goods, chemicals, pharmaceuticals, IT/ITeS, and human resources segments reported a noticeable increase in positive sentiment, while those into gems & jewellery, textiles, auto components and health care had a relatively subdued outing.”

Among manufacturing MSEs, 42% reported a good survey quarter, which is on a par with the quarter immediately preceding. And 39% of services providers reported a good quarter compared with 41% in the previous quarter. The number, however, was better than the 29% in the same period a year ago.

Says Amish Mehta, Chief Operating Officer, CRISIL Ltd, “Sentiment in the March quarter was shaped by a host of factors such as slowdown in auto sales leading to inventory pile-up and production cuts by the automobile industry; slower tendering/awarding ahead of elections affecting the engineering goods sector; and, regulations impacting logistics.”

In the April-June 2019 quarter, sentiment about the business situation is expected to remain positive but the share of respondents expecting a good next quarter is the lowest in all six CriSidEx surveys so far.

Larger MSEs had a better survey quarter – as many as 47% of them with more than 25 employees compared, with 30% with less than 10 employees.

Export-oriented MSEs fared better than their domestic peers, with 45% reporting an increase in order book compared with 43% of domestic peers. In the past two quarters, exporters have been consistently faring better than domestic market-focused MSEs. Among importers, the share of respondents that saw higher procurement in January-March 2019 declined to 17% from 25% in the preceding quarter.

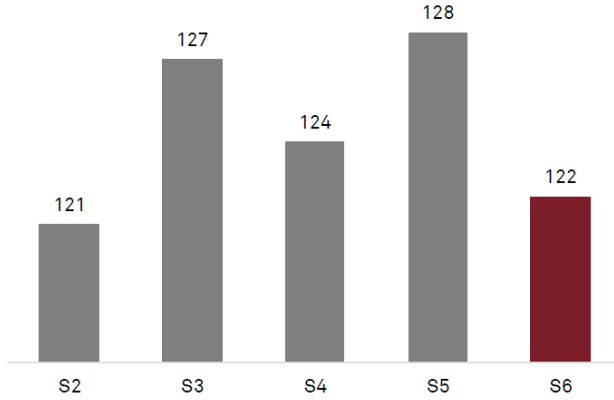
In terms of production volume, 43% of manufacturing MSEs reported an increase, which is a continuation of the trend seen in the previous quarter. A similar share of manufacturing MSEs expect an increase in production in April-June, while only 8% expect it to be lower.

MSEs said they expected to hire more in April-June with 18% respondents planning to add employees compared with 11% that did in January-March.

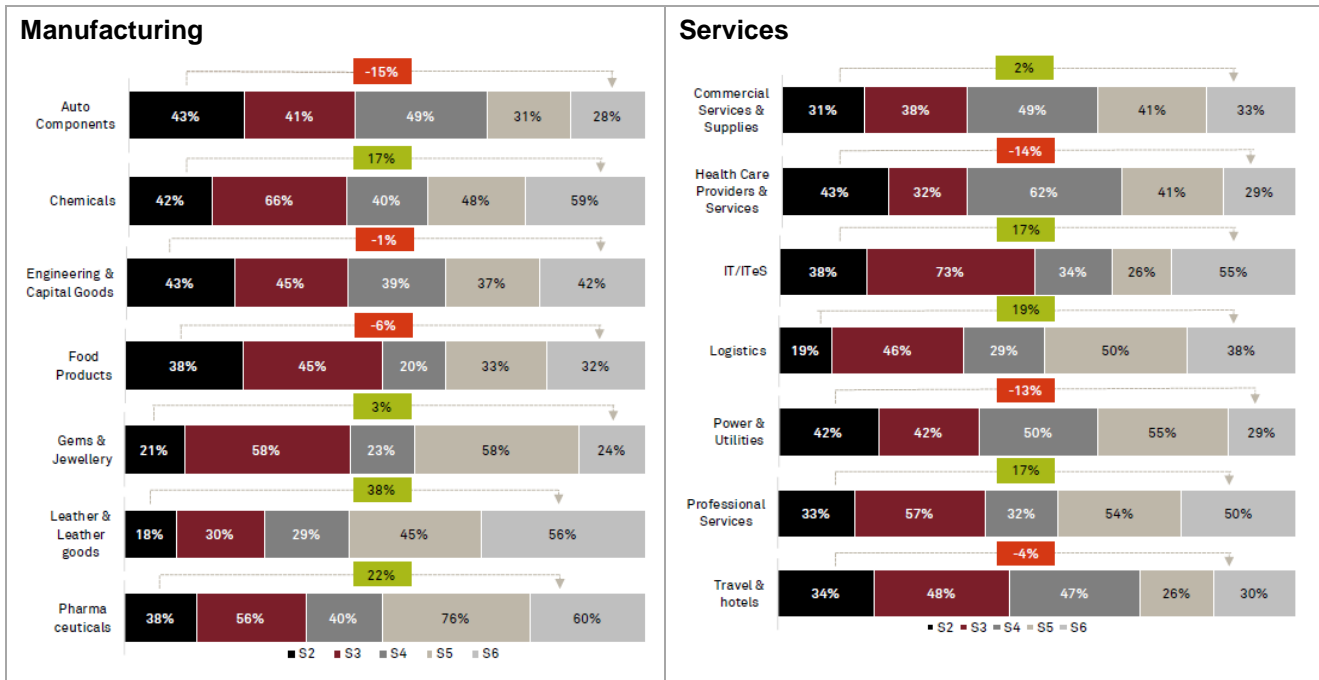
As for lenders, they remain cautious on the evolving business situation.

Annexure

CriSidEx score indicates a positive MSE sector



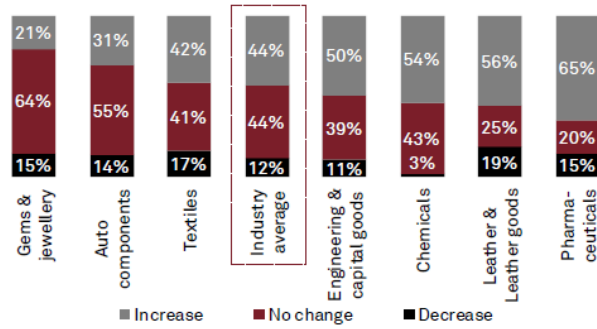
CriSidEx survey	Survey quarter (SQ)	Next quarter (NQ)
Survey 1 (S1)	October- December 2017 (SQ1)	January-March 2018 (NQ1)
Survey 2 (S2)	January-March 2018 (SQ2)	April-June 2018 (NQ2)
Survey 3 (S3)	April-June 2018 (SQ3)	July-September 2018 (NQ3)
Survey 4 (S4)	July-September 2018 (SQ4)	October-December 2018 (NQ4)
Survey 5 (S5)	October-December 2018 (SQ5)	January-March 2019 (NQ5)
Survey 6 (S6)	January-March 2019 (SQ6)	April-June 2019 (NQ6)



% represent share of positive respondents

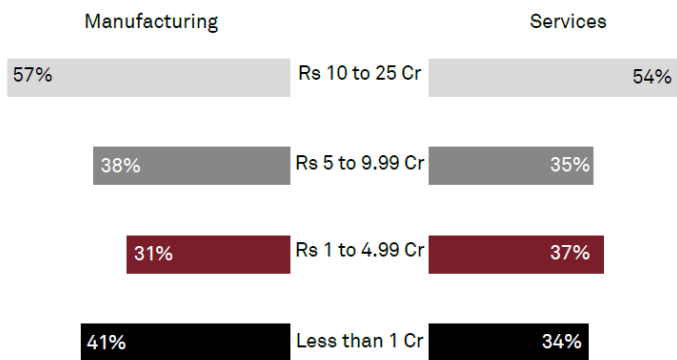
Volume of production: Pharma and leather doing well; gems & jewellery and auto components subdued

Volume of production (industry-wise) - SQ6 (Manufacturing)



% represent share of respondents

Small MSEs more positive in manufacturing



% represent share of positive respondents

For further information,

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About SIDBI

Small Industries Development Bank of India (SIDBI), is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

The business domain of SIDBI consists of Micro, Small and Medium Enterprises (MSMEs), which contribute significantly to the national economy in terms of production, employment and exports.

SIDBI meets the financial and developmental needs of the MSME sector with a Credit+ approach to make it strong, vibrant and globally competitive.

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