

**Headline:** NSE deeply committed to ensure best support for SMEs for capital access, says CEO Limaye

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THE MANAGING director and chief executive officer of the National Stock Exchange (NSE), Vikram Limaye, on Monday said that the exchange wants to put in place a framework that can help mentor small and medium enterprises (SMEs) in the country.

Limaye, who was speaking at the Loksatta Badalta Maharashtra event in Mumbai, said that the NSE is "deeply committed to the cause of ensuring that the small and medium enterprises get the best of support in terms of access to capital formation and expanding their horizons".

"SMEs need a lot of hand holding and mentoring. Unfortunately we don't have a system which can give professional help to SMEs. NSE is more than happy to lead and organise a framework that can help mentor SMEs.

Limaye said some of the recent initiatives of the government such as the Goods and Services Tax (GST), promotion of



**NSE CEO Vikram Limaye at the Loksatta Badalta Maharashtra seminar on small and medium enterprises in Mumbai on Monday.** Dilip Kagda

zero-defect manufacturing, setting up of a performance and credit rating system for SMEs, Make in India, Digital India and Start Up India have boosted the SME sector. "These initiatives when integrated with the MSME pool, can cement growth of

MSMEs and SMEs boost the economy. The implementation of the GST Bill in 2017 is a landmark decision that will help solve long existing challenges prevalent in the current taxation system," said Limaye.

SMEs employ around 40 per



cent of India's workforce, which is an estimated 80 million. Around 1.3 million SMEs contribute 45 per cent to India's manufacturing output and 40 per cent of India's total export.

In 2012 NSE had launched its SME platform Emerge. Presently, at least 76 companies have been listed on the platform and have raised over Rs 950 crore.

"The first and common challenge that SMEs face is the lack of access to appropriate capital, both from the banking sector and from capital markets. Heavy dependence on debt capital from banks and financial institutions

brings distortions in the capital structure in addition to increasing the vulnerability of the SMEs' cash flows in adverse economic conditions. Besides, there are several problems in over-leveraging through loans from banks. It is, therefore, essential that SMEs should be enabled to access the capital market for raising equity capital," said Limaye.

"We have a promising pipeline of companies that are in the process of coming on board across all sectors and regions," he added.

On governance standards of SMEs, Limaye said such firms should ensure that they have "transparent and professional organizational structure and better credit worthiness".

"The purpose of business should focus on stakeholder interest and go beyond the maximisation of financial interest of promoter/partner/shareholder. The enterprise's activities should be towards the benefit of the employees, consumers and creditors. Further, business should be environment-friendly and towards the protection of basic human rights," said Limaye.