

Press Release

February 3, 2018 | New Delhi

CRISIL, SIDBI launch India's first MSE sentiment index

CriSidEx debuts at a mildly positive 107, sentiment seen turning more positive in Jan-Mar

Honourable Finance minister Shri Arun Jaitley today launched CriSidEx, India's first sentiment index for micro and small enterprises (MSEs) developed jointly by CRISIL and SIDBI.

CriSidEx is a composite index based on a diffusion index of 8 parameters, and measures MSE business sentiment on a scale of 0 (extremely negative) to 200 (extremely positive). The parametric feedback was captured through a survey of 1,100 MSEs in November-December.

The first reading of CriSidEx stood at 107, indicating mildly positive sentiment during October-December (or the 'survey quarter'). For January-March 2018 (or the 'next quarter'), the sentiment is expected to be more positive.

Says Mohammad Mustafa, Chairman and Managing Director, SIDBI, "CriSidEx captures the sentiment of MSEs very well, and therefore would do two crucial things: be an accurate barometer of on-the-ground trends – given that not much statistical light emanates now from MSE geographies – and play an important role in addressing financial and developmental gaps in the MSE ecosystem."

CriSidEx will have 2 indices – one for the 'survey quarter' and another for the 'next quarter' once a trend emerges after few rounds of the survey, providing independent time series data.

The crucial benefit of CriSidEx is that its readings will flag potential headwinds and changes in production cycles, and thus help improve market efficiencies. And by capturing the sentiment of exporters and importers, it will also offer actionable indicators on foreign trade.

Says Ashu Suyash, Managing Director & CEO, CRISIL Ltd, "The survey tells you that MSEs expect a distinct improvement in business sentiment. That would be in alignment with our macro reading, where we expect GDP growth to be better during the December 2017 and March 2018 quarters because of low-base effect and GST glitches being sorted out."

More than half of the respondents expected an improvement in their business situation during the January-March quarter compared with a third in October-December.

Between manufacturing and services, the sentiment was more positive in manufacturing, with more than half of the MSEs expecting faster growth in orders and improved capacity utilisation in January-March compared with less than a third in October-December.

Exporters, too, were hopeful of business improving in January-March, with a third of them expecting an above-normal orderbook compared with less than a quarter in October-December. On the other hand, more than half of the domestic-focussed MSEs foresaw improved orderbook in January-March.

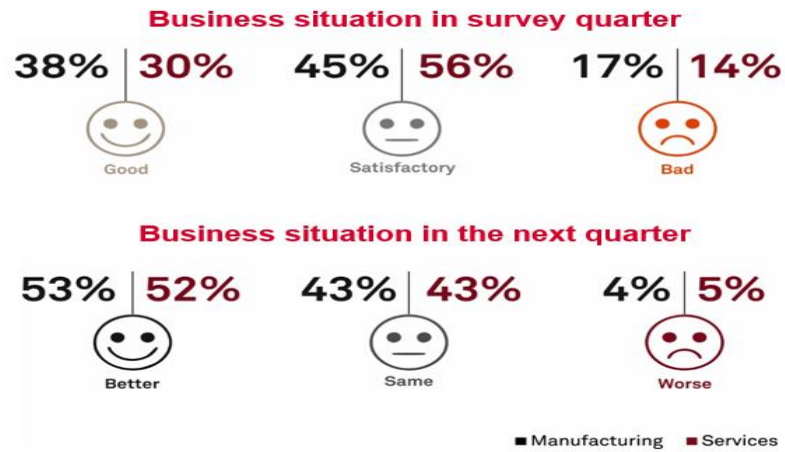
CRISIL also interacted with lenders for their views on the MSE sector. For the next quarter, lenders held a favourable view, expecting overall business situation to improve.

For further CriSidEx readings, refer to annexure enclosed:

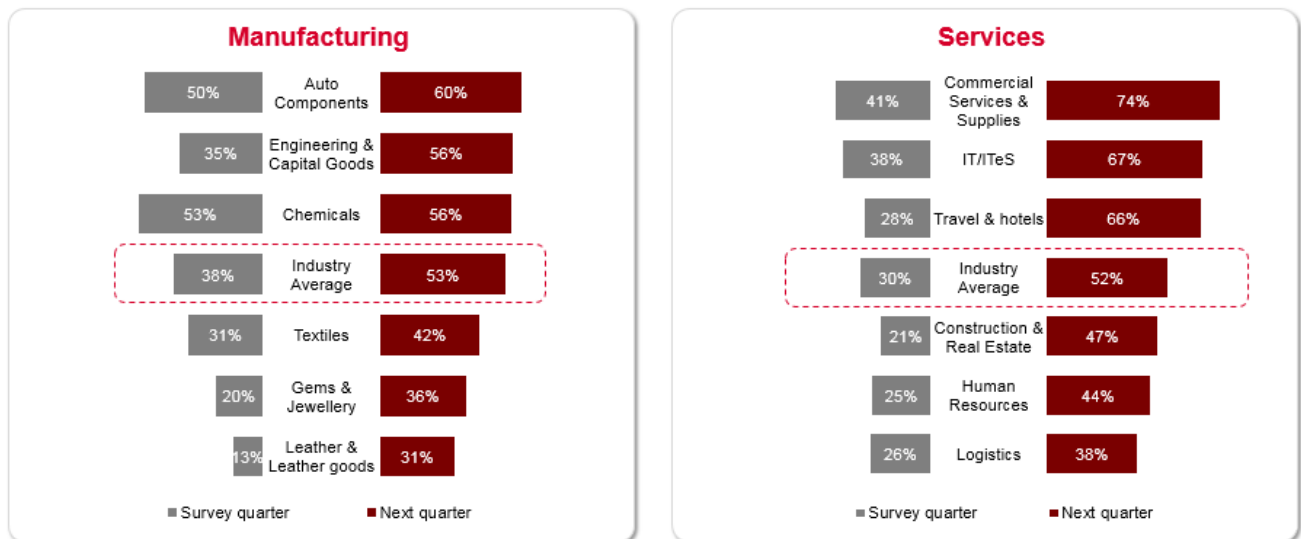
Annexure

CriSidEx first readings for survey quarter and next quarter*

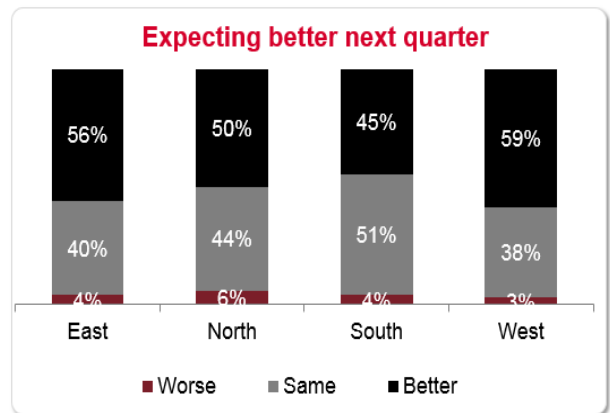
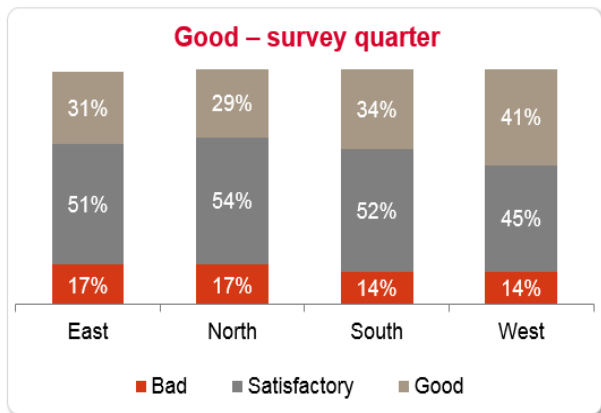
More positive sentiment in manufacturing



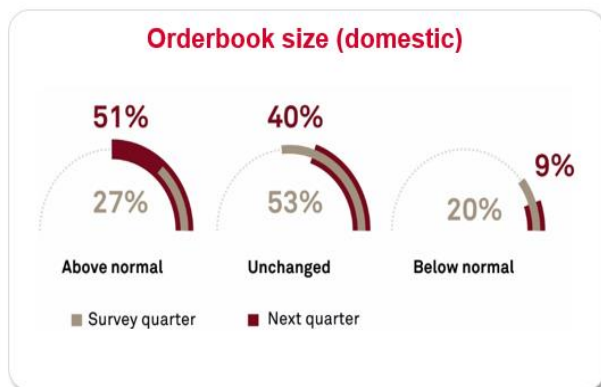
Industry sentiment: Auto components, Commercial services, IT/ITes highly optimistic



Optimism higher in the west; things looking better across most regions



More optimism about domestic demand



* The 1100 MSE respondents were drawn from more than 50 industries in 700 locations across 220 districts. The survey covers enterprises with annual turnover of less than Rs 25 crore

Media contacts

Saman Khan Media Relations CRISIL Limited M: +91 99208 93887 B: +91 22 3342 3000 Email: Saman.khan@crisil.com	Naireen Ahmed Media Relations CRISIL Limited M: +91 90 040 84769 B: +91 22 3342 3000 Email: Naireen.ahmed@crisil.com	Khushboo Bhadani Media Relations CRISIL Limited M: + 9930093177 B: +91 22 3342 3000 Email: Khushboo.bhadani@crisil.com
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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.

For more information, visit www.sidbi.in

About CRISIL Limited

CRISIL is an agile and innovative, global analytics company driven by its mission of making markets function better. Our clients range from micro, small and medium companies to large corporates, investors, and top global financial institutions.

We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers. CRISIL's businesses operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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