

Sentiment index for MSEs launched

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MICRO, SMALL AND medium enterprises (MSMEs) will be at the forefront of leading the consolidation of the economy after major structural changes like demonetisation and introduction of the Goods and Services Tax (GST), which were carried out in the last two

MSMEs to lead consolidation phase of economy: Jaitley

years, finance minister Arun Jaitley said on Saturday.

He was speaking at the launch of "CriSidEx", a sentiment index for micro and small enterprises, developed

jointly by Crisil and government-controlled Small Industries Development Bank of India (Sidbi). The index is a composite index based on a diffusion index of eight parameters, and measures MSE business sentiment on a scale of 0 (extremely negative) to 200 (extremely positive).

Continued on Page 11

inputs regarding the sector, which are often hard to come by due to the sector's largely informal nature. "The health of this sector is extremely vital to the economy and we are increasingly seeing that with a number of steps taken and increased integration of the sector into the formal economy itself," Jaitley said. He added that the sentiment index will help the government in evaluating challenges.

It is estimated that there are over 5 crore MSEs in the country engaged primarily in manufacturing and trading. Further, of the 1 crore registrants in GST, over 90% of the firms can be classified as MSMEs, as they have an annual turnover of less than ₹1.5 crore. "... This is one sector where people not only exhibit their entrepreneurial skills, becoming part of large value chains, but they also

become job creators in the process and that's the reason why a bulk of the jobs in manufacturing and trading have been credited to this particular sector," Jaitley said.

Speaking at the event, Subhash Chandra Garg, secretary at the department of economic affairs, said the index would indicate if structural changes in the economy have led to formalisation of these businesses, adding that formalisation was linked to better access to credit, enabling MSEs to perform better. Additionally, Garg said the announcements made in the Budget regarding linking of Aadhaar with enterprises will facilitate ease of doing business for MSEs. "With one single (Aadhaar-based) enterprise ID, it is possible that 26-27 business registrations won't be required. And it will be possibly much easier to file their returns," he said.

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This is expected to provide policymakers with crucial