

Title: Issues and Challenges in Promoting SME exchange amongst the MSME's in Maharashtra.

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Executive Summary

Indian SME as a sector accounts for about 95% of the industrial units and almost 40% of the gross industrial value added in the Indian economy. It contributes about 34% of the exports and 7% of the Indian Gross Domestic Product. There are approximately 3.6 million registered SME's providing employments to roughly 20 million individuals. India ranks poorly in accessing international funds for running small and medium businesses. A few SMEs in India had managed to obtain funding after several unsuccessful attempt, others are struggling to stay afloat, while a few others had shut operations due to the lack of capital. Financial institutions that are created to provide capital to the entrepreneurs are either denying funding altogether or demanding astronomical interest rates that would wipe out the profitability of these small firms.

SME Exchange is an exchange established to enable the Small and Medium Size Enterprises to get listed and work more efficiently. Several major exchanges across the globe have established a separate SME Exchange for the listing and trading of securities of SMEs. In India, two major SME Exchange working viz. BSE SME established by the Bombay Stock Exchange and EMERGE, established by National Stock Exchange.

Listing on an SME Exchange, gives the SME vast list of benefits both as compared to the companies listed on the main board and to the unlisted companies. However the SME

Exchange are facing problem in promoting the exchange amongst the MSME and the investors. There are few shortcomings that are restricting SME exchanges in India to get popular among the SMEs and Investors.

Thus, this research aims to focus on the current scenario of SME exchanges in the Indian Stock Market, to identify the approach to popularize the SME exchange among the SMEs and Investors and the reason for slow growth of SMEs in India.

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