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Written by Administrator  
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MSMEs play a huge catalytical role in the development process of our economy and funding the risk capital requirements of this sector through a vibrant SME Exchange model would help this sector which will eventually lead to higher governance standards in this industry.

It is been well understood that the contribution of Indian SME segment in the overall growth of India as a developing economy is immense. But having said this, there are certain issues and demands this segment has. While addressing the conference on SME Exchange organised by the Confederation of Indian Industry in New Delhi, Dinesh Rai, Secretary, Ministry of Micro Small & Medium Enterprises,

strongly promoted a dedicated, transparent and neutral SME exchange platform to provide cost effective solutions to SMEs by reducing the IPO and compliance cost and without undervaluing the companies.

Rai reiterated that MSMEs play a huge catalytical role in the development process of our economy and funding the risk capital requirements of this sector through a vibrant SME Exchange model would help this sector which will eventually lead to higher governance standards in this industry. With a positive outlook he was quoted saying “SME platform in India has the potential to become one of the largest alternative platforms in the world”

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Dr K P Krishnan, Joint Secretary, Department of Economic Affairs, Ministry of Finance, emphasised on the public policy issues relating to risk capital raising of MSMEs and maintained that recognising the fact that India does not have a fully functional market in this area, there was a need to instead develop & strengthen the existing markets for such activities. Dr Krishnan also stressed on the need for strengthening the entire eco system before bringing the exchange activities to life. Legal, Venture Capital and Private Equity, including taxation aspects are important areas that would need to be looked at, he said. Dr Krishnan also mentioned that the exit clauses (delisting) also need thorough thinking through and put into place for a successful SME Exchange model to work.

Speaking at the event, Jignesh Shah, Chairman CII Task Force on Indian Financial Markets and Chairman and group CEO – Financial Technologies strongly supported the need of risk capital for the fund starved MSME sector and mooted the idea of having multiple exchanges rather than confining it to a few. He stressed the need for competition in this sector. Stating that the Exchange setting up was both a challenge and opportunity Mr. Shah was quoted saying, “Out of the existing 11 millions SMEs in India at present, even if the conservative figure of 1 % qualify as per the designed standards it will lead to huge capital generation”.

**Faiz Askari**