



The Role Of SME Stock Exchanges In India: Growth, Sectoral Impact, And Contribution To Financial Sustainability

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Introduction

Small and Medium Enterprises (SMEs) form the backbone of India's economy, playing a pivotal role in driving industrial growth, employment generation, and regional development. Accounting for approximately 30% of the country's Gross Domestic Product (GDP), SMEs employ over 110 million individuals and contribute significantly to exports—around 40% of the national total—and nearly 45% of the manufacturing output. These enterprises, categorized based on their investment in plant and machinery or annual turnover, are spread across diverse sectors including manufacturing, services, and trade. Their capacity for innovation, adaptability, and grassroots entrepreneurship makes them critical to the nation's economic resilience and inclusive development.

However, despite their immense contributions, SMEs face a host of persistent financial challenges that constrain their scalability and sustainability. Chief among these is limited access to formal credit and capital markets. Traditional financial institutions often impose stringent collateral requirements, demand extensive documentation, and have lengthy loan processing times. Furthermore, the absence of formal credit histories and financial records among many SMEs restricts their ability to secure loans through conventional banking systems. As a result, many entrepreneurs are compelled to rely on self-funding or high-interest informal lending sources, which hinders expanding of businesses.

The lack of accessible, affordable, and timely financing not only limits SME expansion but also renders them vulnerable to economic disruptions. Periods of market downturns, inflation, or unforeseen crises—such as the COVID-19 pandemic—expose the fragility of SMEs' financial foundations, threatening job security and overall sectoral output. These challenges underscore the urgent need for innovative and inclusive financing mechanisms tailored to the unique needs of SMEs.

In response, India introduced dedicated SME stock exchanges—namely, the BSE SME and NSE Emerge platforms—as alternative funding avenues. These exchanges allow eligible SMEs to raise equity capital by going public, thereby reducing over-reliance on debt-based financing. Listing on these platforms enhances transparency, governance, and credibility, often resulting in greater investor interest and business opportunities. More importantly, they empower SMEs to scale sustainably while contributing to national development priorities. By bridging the financial gap, SME exchanges bolster sectoral innovation,

industrial modernization, and economic inclusivity, aligning with key Sustainable Development Goals (SDGs), particularly those related to industry, innovation, and economic growth.

A 2023 MSME Ministry survey reveals that 70% of SMEs remain unaware of stock exchange options, limiting their access to formal equity financing. Around 80% of listed SMEs are concentrated in Maharashtra, Gujarat, and Karnataka, highlighting regional disparities. Traditional banks reject nearly 70% of SME loan applications (RBI, 2020) due to collateral issues, poor financial records, or high-risk perception. Consequently, many SMEs turn to informal lenders charging exorbitant rates, as formal unsecured loans, a staggering ₹20–25 lakh crore credit gap persists (IFC, 2023). Moreover, stringent listing norms on mainboard exchanges, such as a ₹15–25 crore net worth requirement, exclude nearly 95% of SMEs.

Literature Review:

Small and Medium Enterprises, commonly referred to as SMEs, are indeed fundamental to the structure and functionality of the Indian economy (Verma et al., 2020) discusses they crucial role played by SMEs in not only generating substantial employment opportunities but also in contributing significantly to the overall industrial production and export activities within the nation. As reported by the (Ministry of MSME, 2021), this vital sector is responsible for approximately 30% of the Gross Domestic Product (GDP) of India, while also providing direct employment to more than 110 million individuals across various industries and regions. Notwithstanding their undeniable significance and impact by (Kent Baker et al., 2020), SMEs encounter formidable obstacles when it comes to accessing formal credit channels, which are essential for their growth and sustainability.

Prior research has consistently highlighted that an alarming 90% of SMEs depend on informal sources of financing, primarily due to the onerous nature of the loan application processes and the prevalent lack of adequate collateral that often serves as a prerequisite for securing loans (Rao & Anand, 2019). This substantial credit gap not only restricts their capacity to expand operations and invest in necessary innovations but also serves to hinder their overall growth potential, thus limiting their contributions to the economy. (Paranjpye, 2020) insists on systemic issues surrounding access to financial resources for SMEs warrant urgent attention from policymakers and financial institutions alike, as addressing these challenges could lead to enhanced economic development and increased job creation within the country. Furthermore, the establishment of more streamlined and accessible lending frameworks could empower these enterprises to thrive, thereby fostering a more vibrant and resilient economic landscape.

The inception of stock exchanges as discussed by (Thatte & Jena, 2018) specifically tailored to the needs of small and medium-sized enterprises (SMEs), such as the NSE Emerge and BSE SME, both established in the year 2012, has significantly transformed the landscape of financing options available for SMEs, ushering in a novel paradigm that fundamentally alters traditional funding mechanisms. (Kaousar Nassr & Wehinger, 2016) highlights specialized platforms as meticulously designed in accordance with the regulatory guidelines set forth by the Securities and Exchange Board of India (SEBI) in the year 2010, which aimed to cultivate a robust capital market ecosystem that caters specifically to the unique requirements and challenges faced by SMEs. These exchanges not only offers streamlined listing procedures, minimized compliance obligations, and facilitates access to a more diverse and expansive pool of potential investors stated by (Kumar Dey & Sharma, 2021), these exchanges serve as vital conduits linking SMEs to capital markets, thereby providing avenues for equity financing that might otherwise remain elusive through conventional financial channels, as highlighted in the work of (Sommer, 2024) stated that numerous empirical investigations have underscored the beneficial influence that listings on stock exchanges for small and medium-sized enterprises (SMEs) have on their overall financial performance, thereby indicating a correlation that cannot be overlooked. Specifically, SMEs that are publicly listed have consistently exhibited an enhancement in their capital structures, which in turn has resulted in an elevation of their creditworthiness. In a notable study conducted by (Singh et al., 2021) revealed that SMEs experienced an impressive average increase in both revenues and EBITDA margins ranging from 15% to 20%, a phenomenon that can be attributed to improvements in governance practices and increased visibility in the marketplace. Furthermore, the ability to access equity capital through these

listings serves to significantly reduce reliance on high-interest debt instruments, thereby diminishing financial risk and cultivating an environment conducive to long-term sustainability and growth. (Kane, 2019) gave a comprehensive review of the existing literature posits that SMEs that have successfully gone public within these specific sectors are able to effectively harness equity funding, which in turn facilitates their ability to invest in crucial research and development initiatives, adopt cutting-edge technologies, and significantly broaden their market presence. The alignment of small and medium-sized enterprise (SME) stock exchanges with various Sustainable Development Goals (SDGs) is a subject of increasing importance in contemporary economic discourse. These exchanges make substantial contributions to SDG 8, (Sarma, 2023) which focuses on the promotion of Decent Work and Economic Growth, by playing a pivotal role in facilitating job creation and fostering an environment that supports entrepreneurial ventures. Moreover, by providing a platform that encourages investment in SMEs that are driven by innovation, these exchanges further advance the objectives outlined in SDG 9, (Kishan, 2021) which pertains to Industry, Innovation, and Infrastructure, thereby enhancing the overall economic landscape. The paper tries to look into the broader picture of SMEs initial Public Offerings by expanding it to the extent of sector wise growth and improved accessibility in India. The role of SME Exchanges is appraised by understanding the long-term progress made in generating finances for these small and medium enterprises.

Research Objective:

1. To analyse the growth and sectoral impact of SME stock exchanges in India.
2. To assess the contribution of SME stock exchanges to selected Sustainable Development Goals (SDGs).

Research Methodology:

Research Design

The study adopts a descriptive and exploratory research design to analyze the growth trends, sectoral impact, and alignment of SME stock exchanges with Sustainable Development Goals (SDGs). It combines quantitative data analysis with qualitative insights to offer a comprehensive understanding of the SME capital market landscape in India.

Data Collection Methods

Secondary Data:

Data will be collected from reliable sources such as:

- NSE Emerge and BSE SME platform websites
- SEBI reports
- Ministry of MSME publications
- Annual reports and financial statements of listed SMEs

Sampling Method

Purposive Sampling will be used to select SMEs listed on NSE Emerge and BSE SME from key sectors such as manufacturing, IT, and healthcare. Year wise listed SMEs will be considered for analysis.

Data Analysis Techniques

To analyze the sectoral trends, correlation and regression analysis techniques were applied. These statistical tools were used to:

- Plot trend lines for SME listings over the years for each sector.
- Identify growth patterns and sector-wise participation levels in SME stock exchanges.
- Evaluate the relationship between time (years) and the number of SME listings, providing insights into how capital market participation has evolved for each sector.

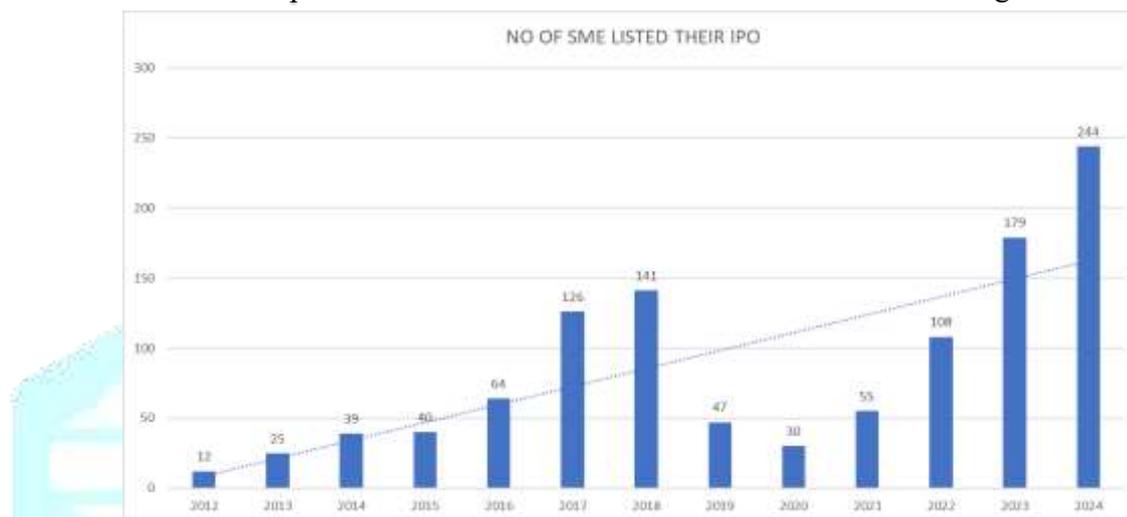
The regression analysis helps in determining the extent to which SME stock exchanges have contributed to sectoral growth, while correlation measures the strength and direction of the relationship between time and SME listings.

Focusing on sector-wise trends enhances the study's relevance for policymakers, investors, and financial institutions interested in SME development. While the data is secondary and may have limitations, sourcing it from official exchange platforms ensures a high degree of credibility.

Data Analysis:

The graph below presents the year-wise data on SME IPO listings in India from 2012 to 2024, highlighting the evolving role of SME stock exchanges in mobilizing capital for small and medium enterprises.

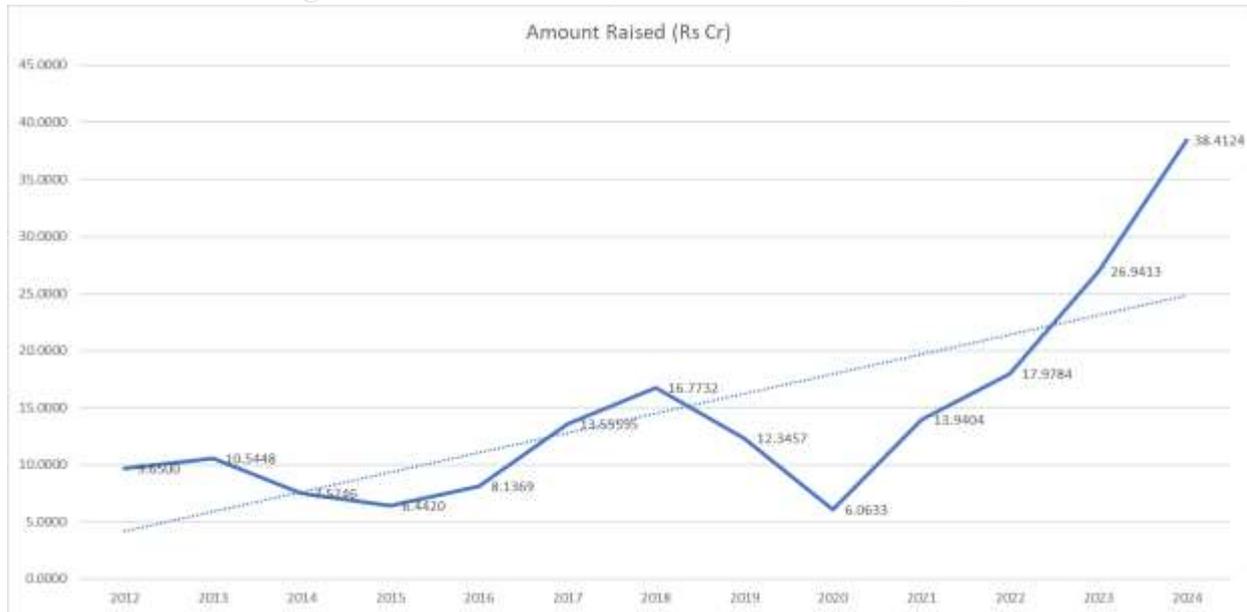
Graph 1 Number of SME Listed their IPO in SME Exchange



Source: www.nse.com & www.bse.com

The slope of 12.835 reflects a consistent annual increase in listings, suggesting growing traction among small and medium enterprises seeking capital through public markets. The year-wise listing data reveals steady growth from 2012 to 2018, with a notable peak in 2018. This was followed by a sharp dip during 2019 and 2020, likely due to market uncertainty, regulatory shifts, and the impact of the COVID-19 pandemic.

However, post-2020, there is a clear resurgence in SME listings, culminating in a record high of 244 IPOs in 2024. This rebound reflects increasing confidence among SMEs in capital market mechanisms and the effectiveness of reforms aimed at easing access to public equity. This trend is significant in the broader context of financial sustainability and economic development. By tapping into equity markets, SMEs reduce their reliance on traditional debt channels and gain access to long-term funding needed for expansion, technology adoption, and job creation. The rising number of listings also aligns with national goals of fostering entrepreneurship and inclusive growth. Moreover, this momentum contributes directly to Sustainable Development Goals such as SDG 8 (promoting sustained economic growth and employment), SDG 9 (advancing industrial innovation and resilient infrastructure), and SDG 10 (reducing financial inequality by enabling wider access to capital). As awareness increases and listing frameworks become more streamlined, SME stock exchanges are poised to become even more central in driving India's enterprise-led economic transformation.

Figure 2 Amount raised by SME from SME Exchange

Source: www.nse.com & www.bse.com

The year-wise data on capital raised by SMEs through India's SME stock exchanges reflects a steadily expanding financial footprint in public markets. From ₹9.65 crore in 2012, the amount raised has grown to ₹38.41 crore in 2024, showcasing a more than fourfold increase over the 13-year period.

A review of the data shows modest fundraising in the early years (2012–2016), followed by significant growth from 2017 onward, particularly peaking in 2023 and 2024. This rise corresponds with growing investor appetite, improved regulatory infrastructure, and greater awareness among SMEs about the benefits of listing. Despite temporary setbacks during 2019 and the pandemic year of 2020, the market quickly rebounded, reinforcing confidence in SME exchanges as resilient funding platforms.

The growing capital inflow via SME IPOs not only empowers businesses to scale operations, adopt innovation, and improve competitiveness but also aligns with national economic objectives. This financial inclusion supports Sustainable Development Goals such as SDG 8 (Decent Work and Economic Growth) by fostering employment and productivity, SDG 9 (Industry, Innovation, and Infrastructure) through investments in modernization, and SDG 10 (Reduced Inequalities) by democratizing access to capital. The upward trend in capital raised is a clear indication that SME stock exchanges are playing a transformative role in ensuring financial sustainability and enabling long-term sectoral development for small businesses across India.

Figure 3: Average listing day gain by SME from SME Exchange

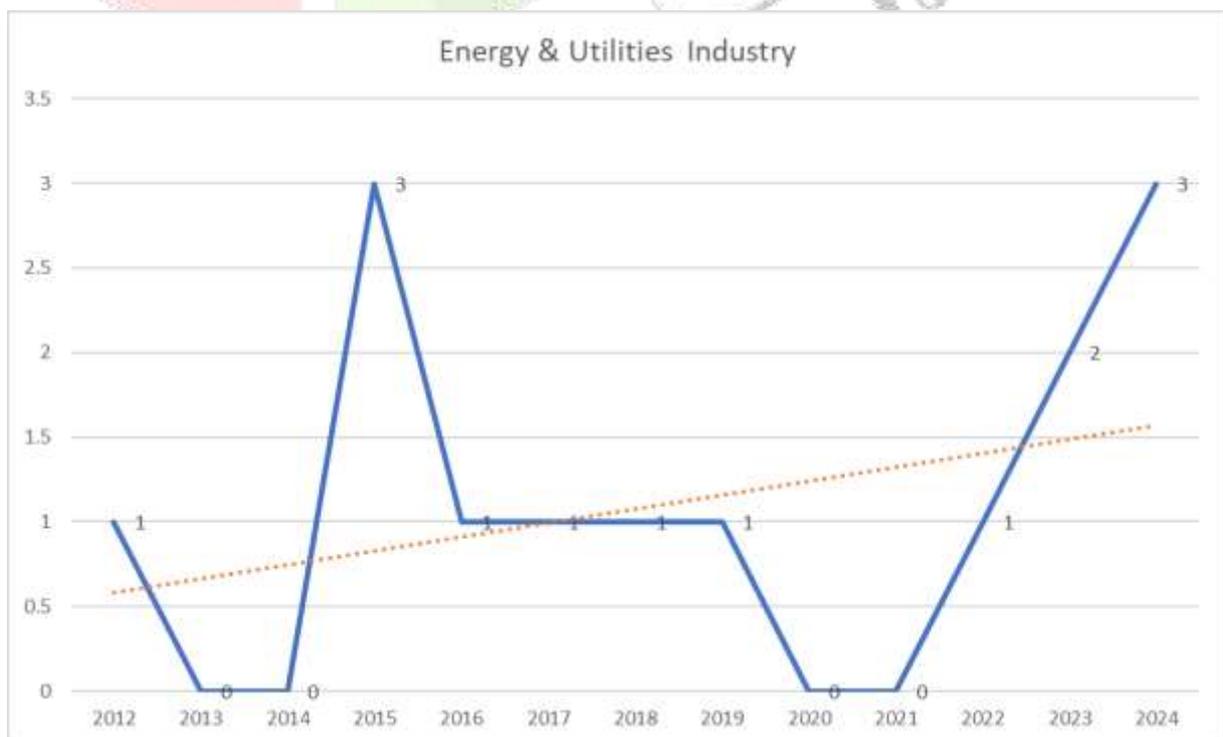


Source: www.nse.com & www.bse.com

The analysis of average listing day gains on SME exchanges from 2012 to 2024 reveals a fluctuating yet upward trend in investor sentiment. While early years like 2012 and 2013 saw strong initial returns of over 24%, gains declined sharply during 2015–2020, reaching a low of just 1% in 2020—reflecting market caution and low risk appetite amid economic and global uncertainties.

However, a remarkable recovery began post-2021, with listing gains soaring to 60.62% in 2024, the highest in the period analyzed. This rebound suggests increased investor confidence, improved SME quality, and stronger market performance. The trend also highlights SMEs’ growing attractiveness as investment opportunities and reflects better due diligence, transparency, and post-listing performance—aligning with SDG 8 (Decent Work and Economic Growth) by encouraging capital flow into emerging enterprises.

Figure 4: Annual Growth of number of SME listing in Energy & Utilities Industry

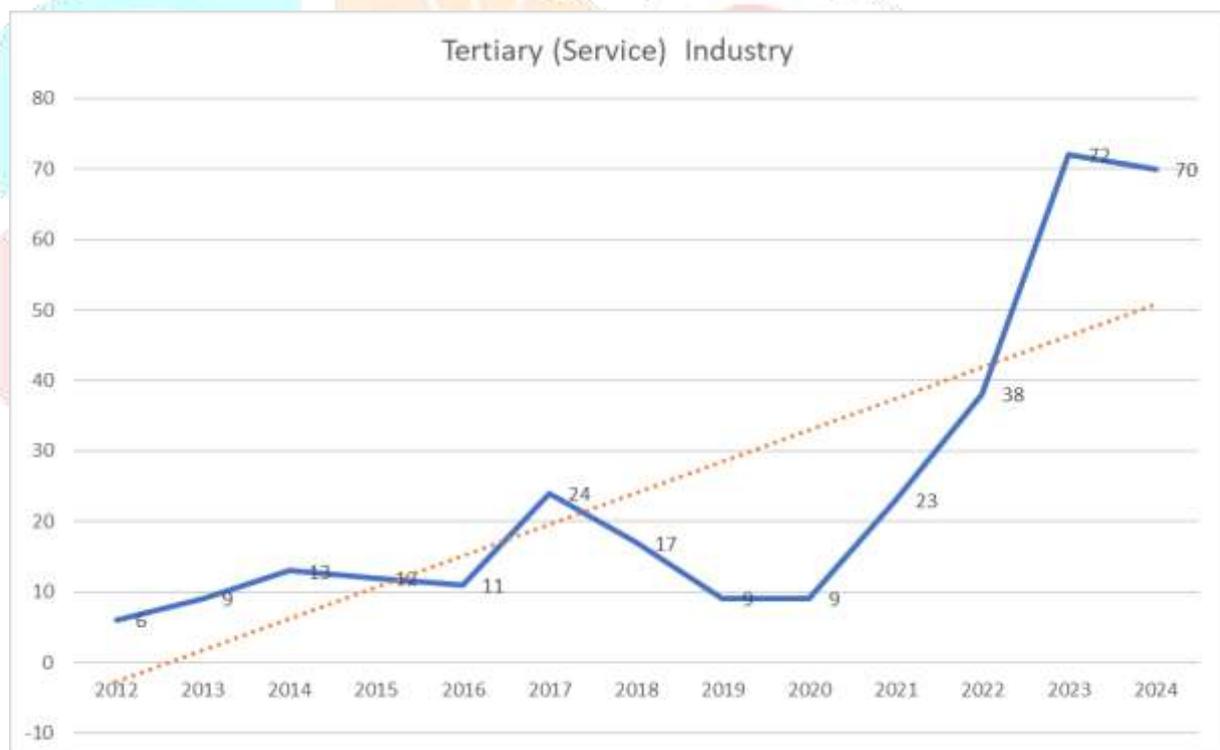


Source: www.nse.com & www.bse.com

The major head Construction & Infrastructure Industry incorporates several SME bifurcated as follows Conventional electricity, Renewable electricity, Electricity transmission, Electricity distribution and natural gas distribution Industry. This suggests that SME listings in this industry have increased at a slow and inconsistent pace over the observed period. The weak correlation between time and listing volume highlights that external factors or sector-specific constraints may be limiting the growth potential of SMEs within the Energy and Utility domain. Despite the sector's critical role in infrastructure and sustainability, several barriers—such as heavy capital intensity, long gestation periods, and regulatory complexities—may deter small enterprises from pursuing stock market listings.

Furthermore, SMEs in this space may lack the maturity or risk appetite for public equity funding, often relying instead on project-based debt or government subsidies. The presence of listings, even if limited, indicates a budding interest in clean energy, energy efficiency solutions, and smart utility services. If this trend continues, particularly with supportive policies and ESG investment momentum, the sector could evolve into a viable domain for SME growth and market integration. In terms of Sustainable Development Goals (SDGs), the Energy & Utility sector strongly aligns with SDG 9 – Industry, Innovation, and Infrastructure, through contributions to modern utility services and smart infrastructure development. Improving awareness, reducing listing burdens, and targeted financial incentives could accelerate SME participation and help unlock the full potential of this sector within India's capital markets.

Figure 5 Annual Growth of number of SME listing in Tertiary (Service) Sector Industry



Source: www.nse.com & www.bse.com

The major head Tertiary (Service) Sector Industry incorporates several SME bifurcated as follows Telecommunication services, Computer software, ITES, Other fund based financial services, Business services & consultancy, Health services, Education, Production & distribution of films, Media-broadcasting, Exhibition of films, Media-content, Other recreational & allied services, Online marketplaces, Taxi aggregators, Hotels & restaurants, Tourism, Housing finance services, Other asset financing services, Other fund-based financial services, Asset management services (mutual funds), Diversified financial services and Media-print.

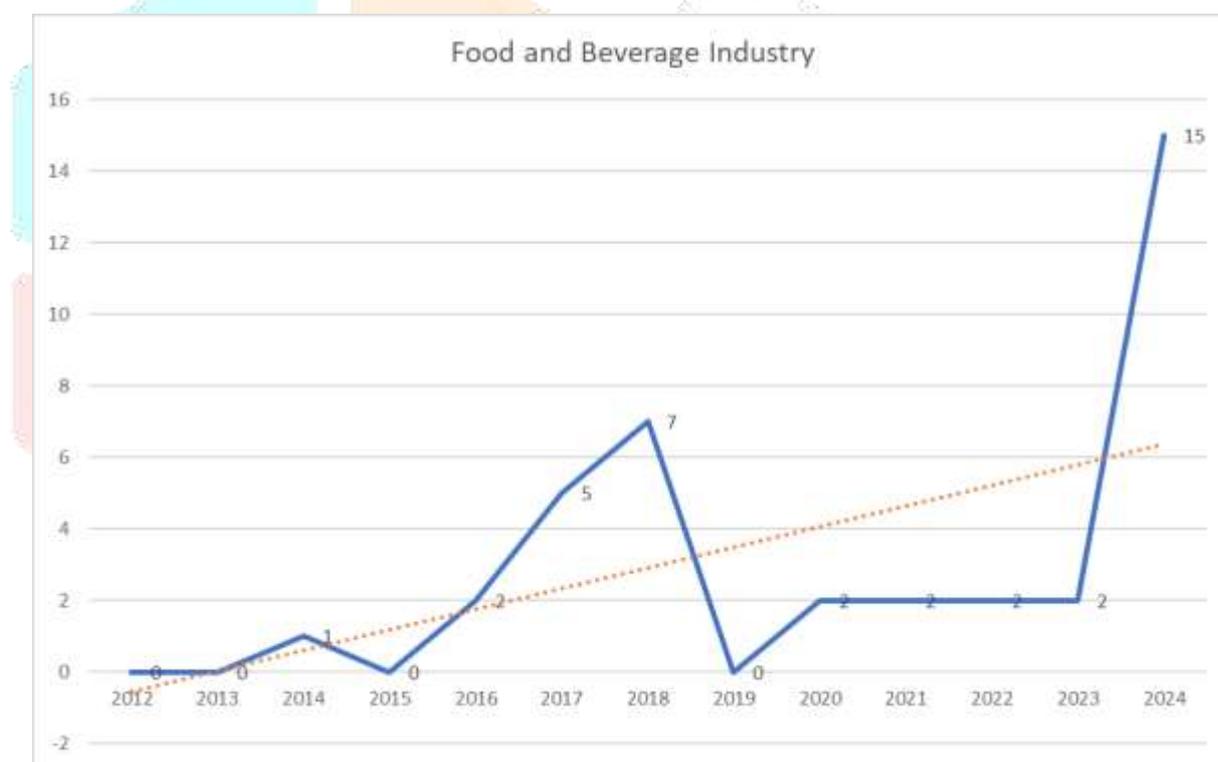
This trajectory suggests a dynamic growth pattern with periods of both contraction and expansion. The fluctuating nature of the Tertiary Service Industry listings, as seen from the data, can be attributed to several

factors. The early years show modest increases in listings, possibly due to early-stage market development and limited access to public capital.

However, periods of stagnation, particularly in 2015 (The Year Nothing Worked – Bloomberg), 2019, and 2020 pandemic Covid-19, may reflect external challenges such as economic downturns, changes in investor sentiment, or regulatory constraints that hinder SME participation in public equity markets. In terms of financial sustainability, SME stock exchanges continue to play a crucial role by offering access to capital, which is essential for sustaining growth and innovation in the Tertiary Service Industry. The moderate growth pattern reflected in the data underscores the importance of overcoming existing barriers such as market volatility, competition, and capital constraints. By improving market readiness, streamlining listing processes, and providing targeted financial incentives, the SME stock exchanges can further accelerate the growth of SMEs in the Tertiary Service Industry.

Moreover, the alignment with Sustainable Development Goals (SDGs), particularly SDG 8 – Decent Work and Economic Growth and SDG 9 – Industry, Innovation, and Infrastructure, is evident. The increase in SME listings in this sector not only contributes to job creation and economic growth but also fosters innovation in service-based industries that are crucial for India's development. The continued growth in SME listings, as evidenced by the data, indicates a positive trajectory for achieving both financial sustainability and contributing to the broader SDG framework.

Figure 6 Annual Growth of number of SME listing in Food & Beverage Industry



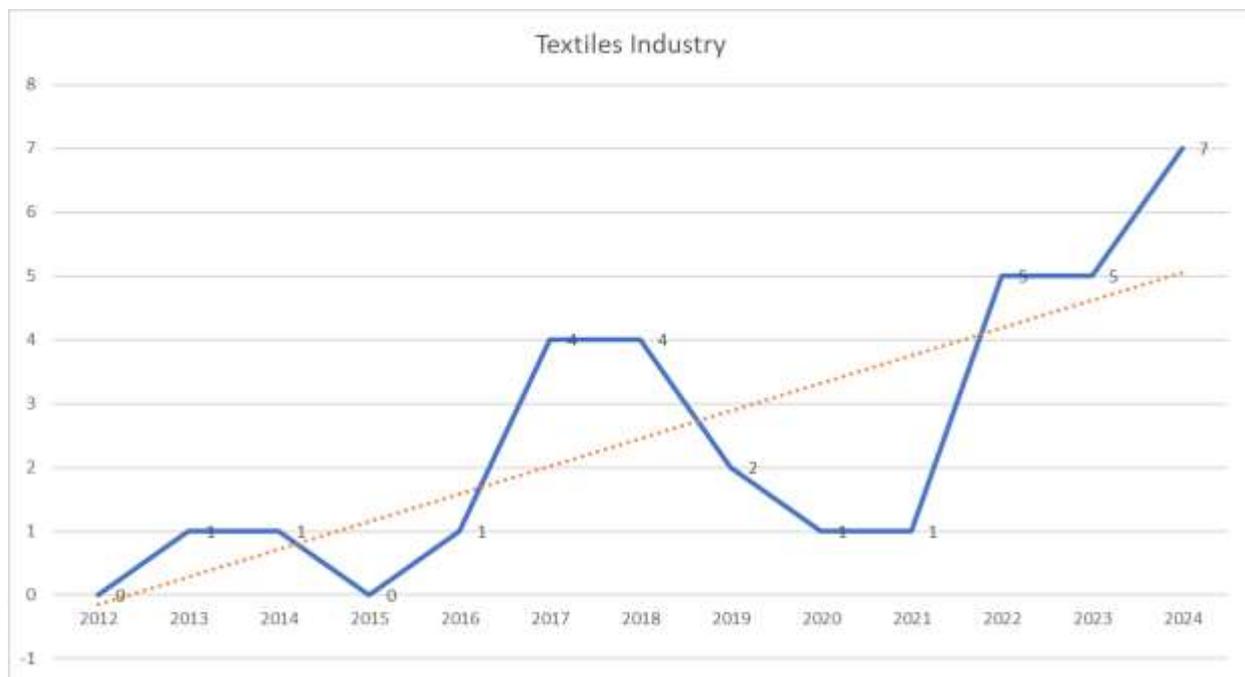
Source: www.nse.com & www.bse.com

The major head Food & Beverage Industry incorporates several SME bifurcated as follows, Vegetable oils & products, Dairy products, Tea, Sugar, Bakery Products, Starches, Marine Foods, Poultry & meat products, Milling products and processed food Industry. The variation in listings is explained by the passage of time, with the remaining variability influenced by external factors such as consumer behavior, regulatory shifts, supply chain dynamics, and market volatility. The industry's performance in the SME capital market reflects a growing inclination among small and medium enterprises to formalize their operations and seek expansion capital. While the growth has not been steep, the steady rise points to increasing investor confidence and the maturing potential of enterprises in this domain, particularly those focusing on packaged, value-added, or health-oriented food products.

The ability to raise equity through SME stock exchanges has empowered these businesses to invest in branding, technological upgrades, and logistics, thereby strengthening their market position. From a

sustainability standpoint, the sector aligns with key developmental priorities by contributing to food security, employment generation, and industrial modernization. Its evolving capital market presence supports the objectives of SDG 8 (Decent Work and Economic Growth), and SDG 9 (Industry, Innovation, and Infrastructure). However, the relatively low R^2 value also highlights the need to address challenges such as market fragmentation, compliance burdens, and limited awareness of listing benefits.

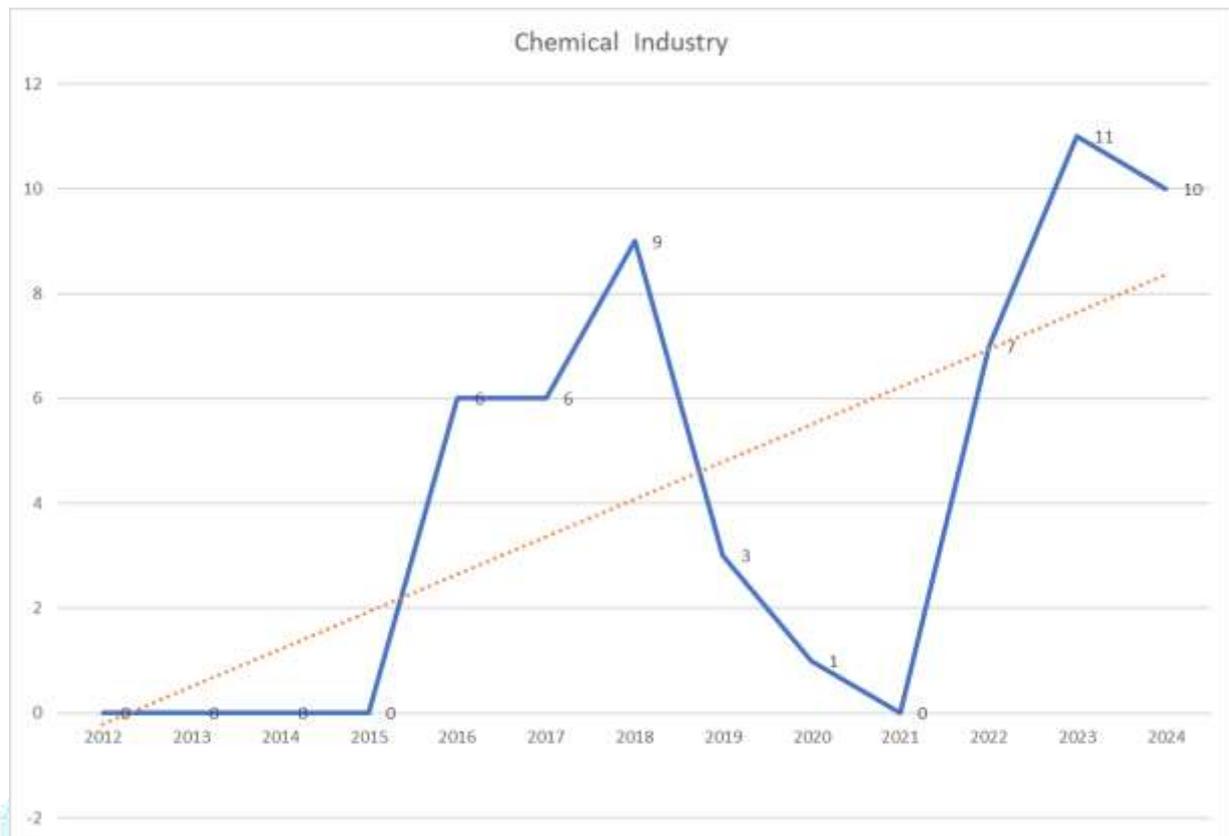
Figure 7 Annual Growth of number of SME listing in Textile Industry



Source: www.nse.com & www.bse.com

India's textile sector, 80% SME-driven, contributes 4% to GDP and employs 45 million people. Clusters like Panipat (home furnishings) and Kanchipuram Silk sarees are global export hubs. The major head Textile Industry incorporates several SME bifurcated as follows, Cotton & blended yarn manufacturers, Cloth, Man-made filaments & fibres manufacturers, Textile processing manufacturers, Readymade garments manufacturers, Diversified cotton textile and Other textile Industry. The data trend shows minimal activity in the early years, with a near absence of listings between 2012 and 2015.

A noticeable uptick begins in 2016 and gains further momentum in subsequent years, especially after 2021. This delayed growth reflects the traditional nature of the textile industry, which often relied on informal funding and was initially hesitant to engage with capital markets. However, the recent acceleration suggests a shift towards greater formalization and a growing awareness of equity financing as a viable expansion tool. SME exchanges have helped reduce dependency on conventional debt for textile SMEs, enabling capital infusion for modernization, supply chain scaling, and global competitiveness. This evolving access to structured finance directly supports SDG 8 (Decent Work and Economic Growth) by generating employment and promoting enterprise sustainability. Additionally, through investment in production infrastructure and innovation, it also aligns with SDG 9 (Industry, Innovation, and Infrastructure). As textile SMEs continue to integrate with public markets, their financial sustainability and contribution to inclusive growth will likely strengthen further.

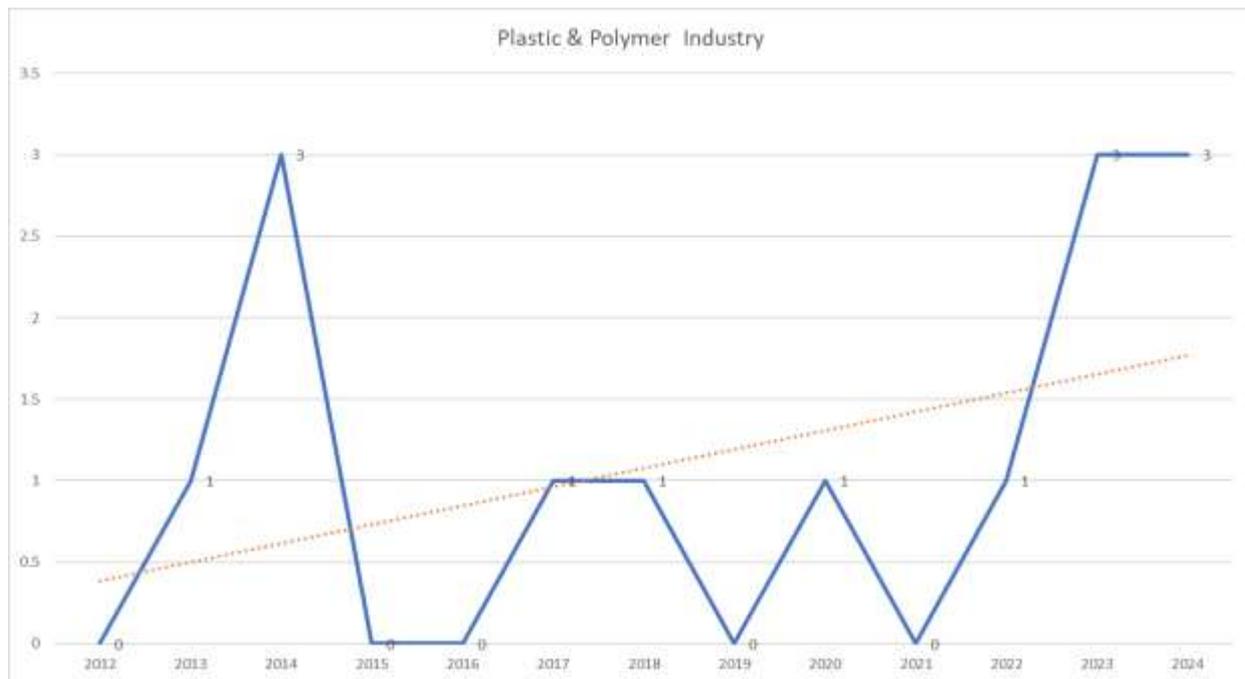
Figure 8 Annual Growth of number of SME listing in Chemical Industry

Source: www.nse.com & www.bse.com

The major head Chemical Industry incorporates several SME bifurcated as follows, Inorganic chemicals manufacturers, Fertilisers manufacturers, Pesticides manufacturers, Dyes & pigments manufacturers, Drugs & pharmaceuticals, Organic chemicals and other chemical products manufacturers.

No SME listings were recorded in this sector until 2016, after which a sudden entry of chemical firms into capital markets can be observed. The years 2016 to 2018 marked initial momentum, likely driven by sectoral policy reforms and the emergence of niche chemical startups seeking equity financing for expansion and technology upgrades. While a decline occurred in 2019 and 2020, likely due to macroeconomic uncertainty and the COVID-19 impact, a strong rebound was seen from 2022 onwards, suggesting renewed investor interest and a shift in capital-raising strategies among chemical SMEs.

SME exchanges have acted as enablers by channelling long-term financing into a traditionally capital-intensive and regulatory-heavy industry. This transition supports SDG 9 (Industry, Innovation, and Infrastructure) through industrial upgrading and sustainable processing solutions, while contributing to SDG 8 (Decent Work and Economic Growth) via job creation in high-skill manufacturing domains. As the industry embraces innovation in specialty and green chemicals, improved capital access through SME listings is likely to play a critical role in long-term financial sustainability and inclusive sectoral growth.

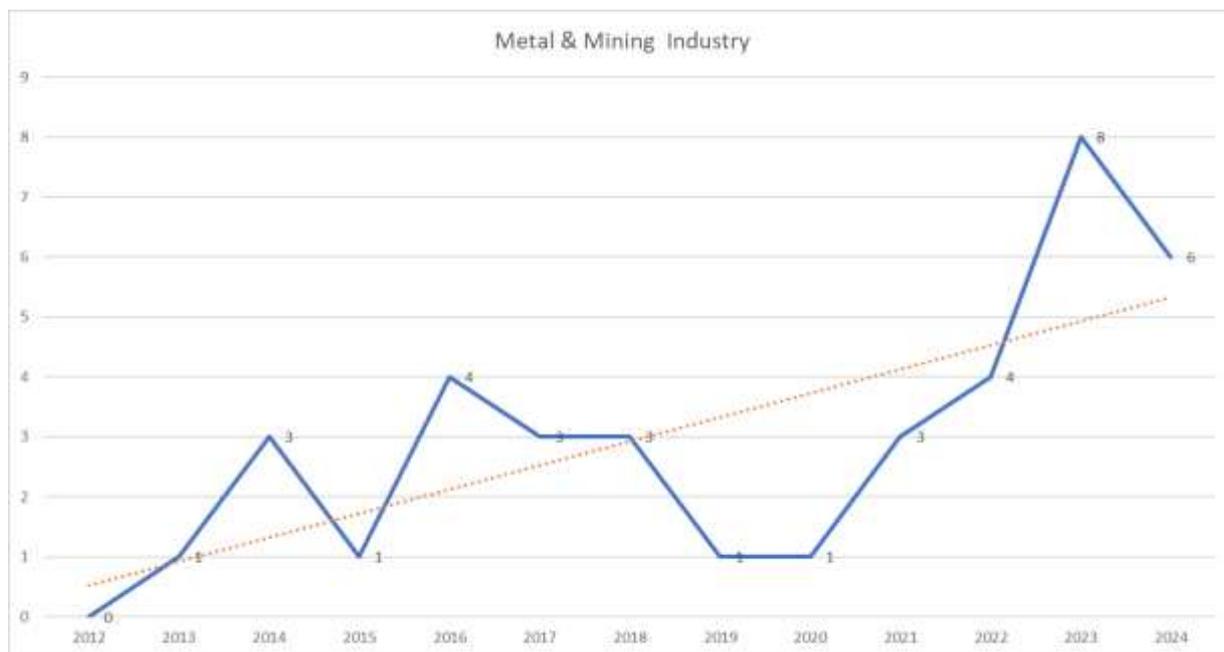
Figure 9 Annual Growth of number of SME listing in Plastic & Polymer Industry

Source: www.nse.com & www.bse.com

The major head Plastic & Polymer Industry incorporates several SME bifurcated as follows, Polymers manufacturers, Plastic tubes manufacturers, pipes, fittings & sheets manufacturers, Plastic films & flexible packagers, Plastic packaging goods and Plastic furniture manufacturers, floorings & miscellaneous Industry.

The industry has experienced inconsistent participation in SME stock exchanges, with intermittent listings spread unevenly over the years. Notably, after an initial appearance in 2013 and a peak of three listings in 2014, there were multiple years with either no entries or just one, suggesting limited momentum. Only in 2023 and 2024 did the industry regain a slightly stronger presence, indicating a slow re-emergence.

Despite this irregular trend, SME stock exchanges have provided occasional access to capital for select players in this segment. The capital raised may have supported modernization efforts, transition to sustainable materials, or capacity expansion in niche markets. The sector's growth via capital markets remains modest but essential in aligning with **SDG 9** (Industry, Innovation, and Infrastructure) by facilitating industrial innovation, and **SDG 8** (Decent Work and Economic Growth) through limited job creation. However, the overall weak trend signals the need for policy support, greater awareness, and cost-effective listing mechanisms to unlock wider participation and financial sustainability in this resource-sensitive industry.

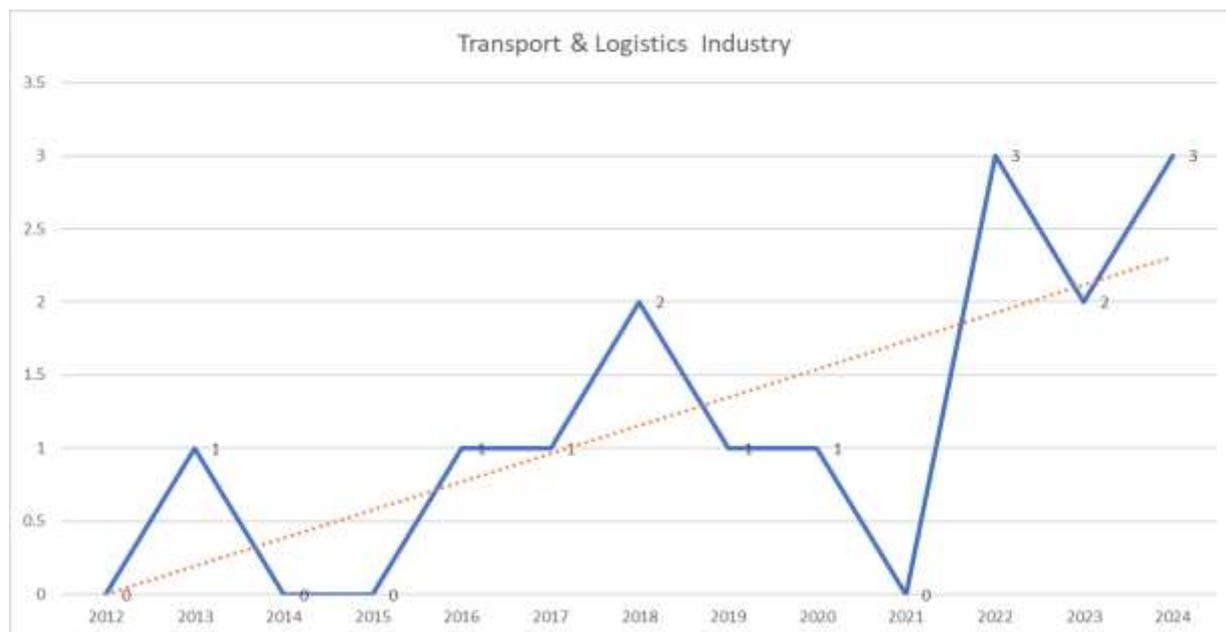
Figure 10 Annual Growth of number of SME listing in Metal & Mining Industry

Source: www.nse.com & www.bse.com

The major head Plastic & Polymer Industry incorporates several SME bifurcated as follows, Sponge iron, Steel manufacturers, Castings & forgings, Steel pipes & tubes manufacturer, Ferro alloys manufacturer, Other ferrous metal products manufacturers, Aluminium & aluminium product manufacturers, Copper & copper products manufacturers, Other non-ferrous metals & metal products manufacturers, Diversified metal & metal products manufacturer, Pig Iron and Refractories manufacturers.

Early years showed modest participation, with listings gradually rising from 2013 onward. A notable uptick is observed post-2020, especially in 2023 and 2024, which marked the highest number of listings in the sector, suggesting renewed investor confidence and increased capital demand from SMEs in this industry. The moderate rise may be attributed to growing industrial demand for raw materials, government infrastructure push, and efforts toward import substitution.

Access to SME exchanges has enabled small players in this sector to raise funds for modernization, environmental compliance, and capacity enhancement—key for sustaining competitiveness. This participation supports **SDG 9** (Industry, Innovation, and Infrastructure) by improving infrastructure and industrial growth, and **SDG 8** (Decent Work and Economic Growth) through employment generation. With increased regulatory clarity and environmental focus, the SME exchange can become a stronger platform for growth and financial sustainability in this foundational industry.

Figure 11 Annual Growth of number of SME listing in Transport & Logistics Industry

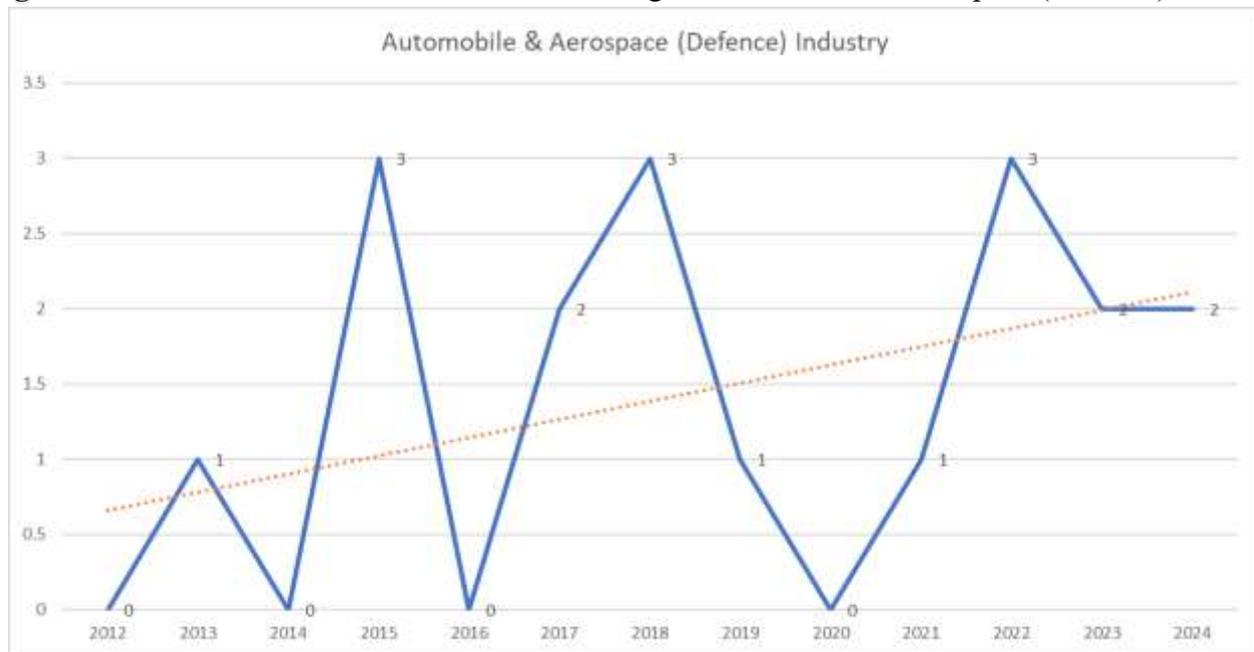
Source: www.nse.com & www.bse.com

The major head Transport & Logistics Industry incorporates several SME bifurcated as follows, other transport equipment & ancillaries' manufacturers, Road transport service provider, Road transport infrastructure service provider, Air transport service provider, Shipping transport service provider, Transport logistics service provider and Storage & distribution Industry. From 2012 to 2024, the number of listings grew from 0 to 3, indicating a three-fold increase.

Despite being a vital sector for enabling commerce and trade, the Transport & Logistics Industry faces barriers such as high entry costs, dependency on physical infrastructure, and regulatory bottlenecks, which may deter small firms from seeking equity financing. Many SMEs may still rely on debt or informal funding due to limited readiness for public listing.

That said, the presence of any listings reflects emerging interest, particularly in areas like last-mile delivery, logistics tech, and fleet services—segments gaining relevance with the rise of e-commerce and supply chain digitization. If supported through sector-specific incentives, capacity building, and regulatory easing, the Transport & Logistics sector can become more SME-inclusive.

In alignment with Sustainable Development Goals, the sector connects well with SDG 9 – Industry, Innovation, and Infrastructure, by enabling mobility and trade infrastructure, and targeted support could not only expand SME access to capital but also position the industry as a driver of sustainable, inclusive growth within India's capital markets.

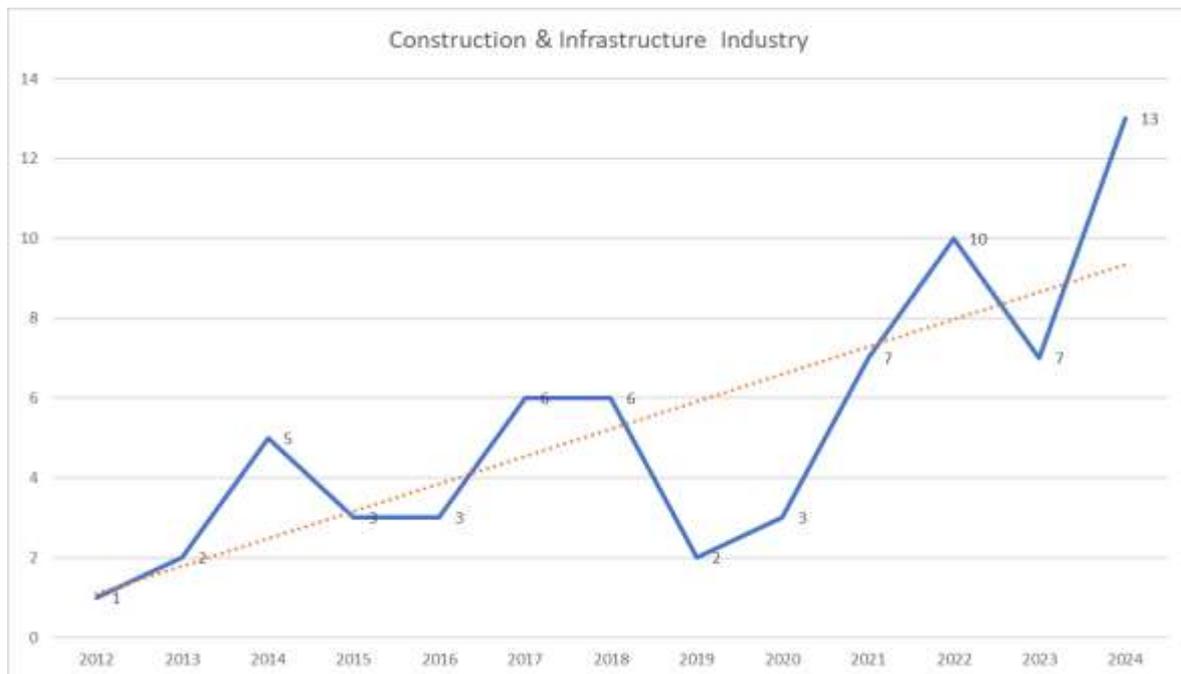
Figure 12 Annual Growth of number of SME listing in Automobile & Aerospace (Defence) Industry

Source: www.nse.com & www.bse.com

The major head Transport & Logistics Industry incorporates several SME bifurcated as follows, Storage batteries manufacturer, Tyres & tubes manufacturers and other automobile ancillary's manufacturer.

This trend highlights the complexity and challenges faced by SMEs in this highly specialized industry. Capital intensity, reliance on advanced technology, regulatory compliance, and defence procurement norms may act as significant entry barriers for smaller enterprises. Furthermore, many of these businesses operate under government contracts or OEM supply chains, often preferring private investment or strategic partnerships over public listing. Nonetheless, the presence of any SME listings in such a traditionally large-scale sector reflects a gradual shift, likely driven by opportunities in auto-tech startups, EV components, and aerospace innovation clusters. With India's increasing focus on defence indigenization and Make in India initiatives, this industry holds latent potential for SME inclusion.

From a Sustainable Development Goals (SDG) lens, the sector aligns with SDG 9 – Industry, Innovation, and Infrastructure, by fostering innovation in transport and defence technologies, and SDG 8 – Decent Work and Economic Growth, through its role in high-skilled employment generation. For deeper SME participation, policy support, incentives for innovation, and easing market access norms can be key enablers in unlocking growth within this strategically vital sector.

Figure 13 Annual Growth number of SME listing in Construction & Infrastructure Industry

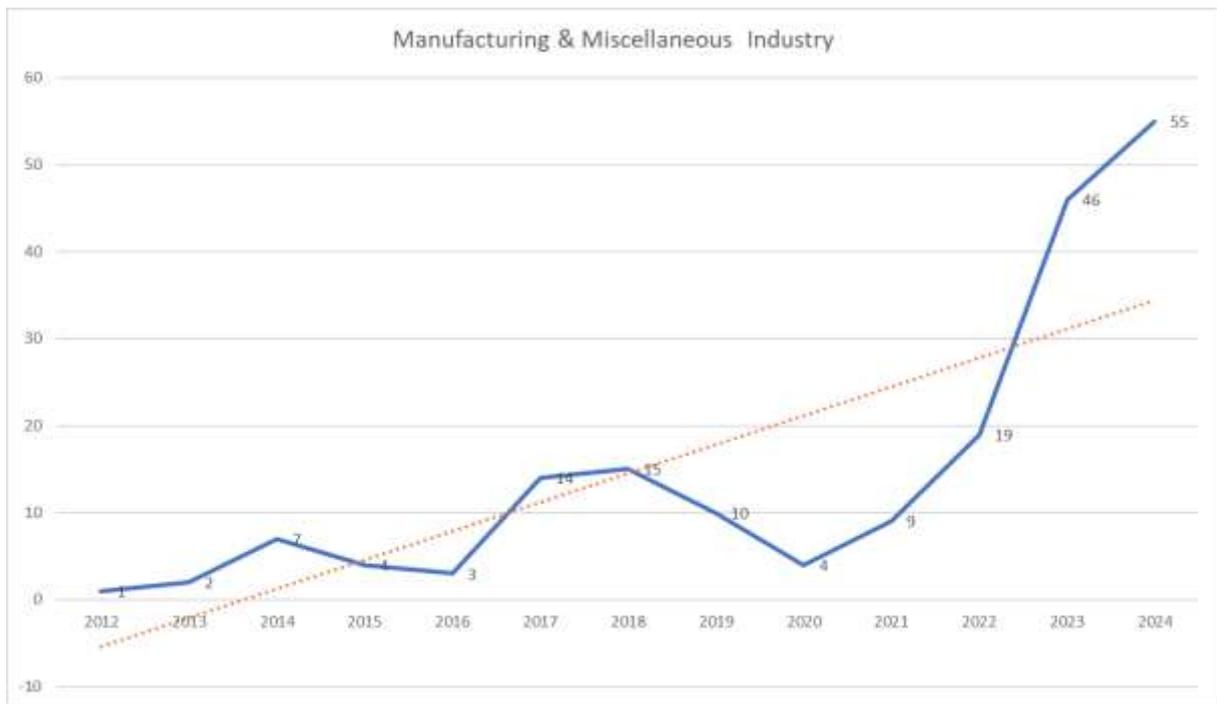
Source: www.nse.com & www.bse.com

The major head Construction & Infrastructure Industry incorporates several SME bifurcated as follows, Mining & construction equipment, Housing construction, Commercial complexes, Industrial construction, Infrastructural construction, other construction & allied activities and other construction materials Industry. From **2012 to 2024**, the number of SME listings grew from **1 to 13**, marking a **13-fold increase** over the span of 13 years.

This pattern aligns well with India's infrastructure-driven growth agenda. As urbanization expands and large-scale projects are pushed forward under government schemes such as Smart Cities Mission and PM Gati Shakti, there is growing room for SME participation. Many smaller firms in this space contribute to EPC services, modular construction, sustainable materials, and urban infrastructure support—making them more relevant and investable than ever before. However, the industry also comes with its share of challenges. SMEs often struggle with delayed payments, capital constraints, and complex tendering systems, which can slow their path to market listing. Still, their increasing visibility on SME platforms suggests improving access to capital and maturing financial management capabilities.

From a sustainability standpoint, the sector contributes meaningfully to SDG 9 – Industry, Innovation, and Infrastructure, by supporting resilient infrastructure and innovation. With continued policy backing and streamlined compliance processes, the Construction & Infrastructure sector stands as a key pillar for inclusive SME growth in Indian capital markets.

Figure 13 Annual Growth of number of SME listing in Manufacturing & Miscellaneous Industry



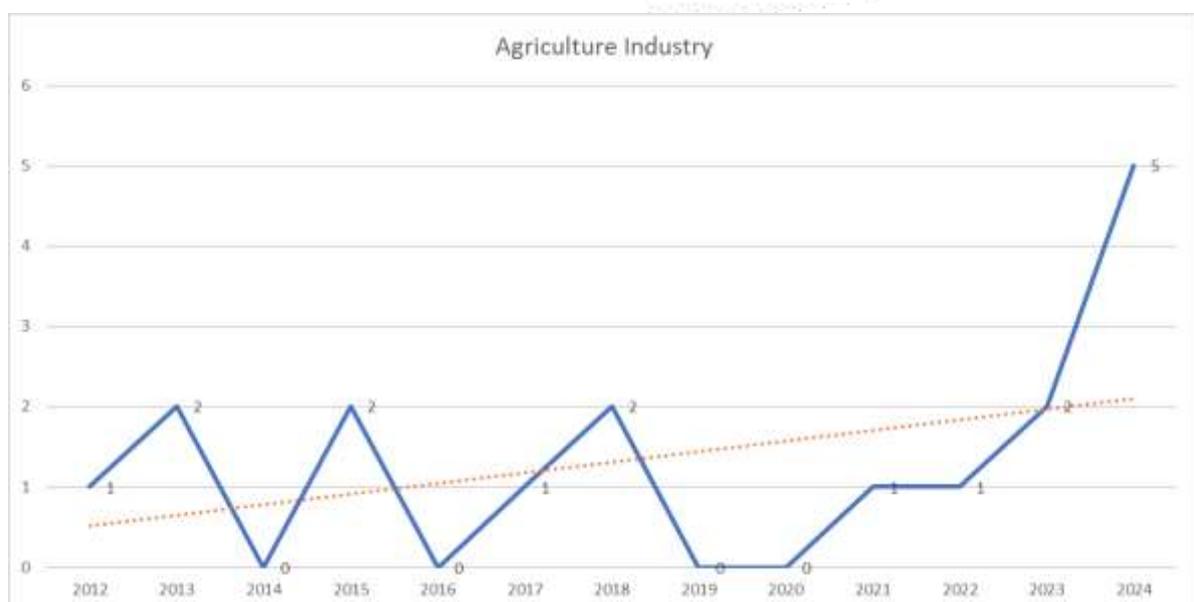
Source: www.nse.com & www.bse.com

From **2012 to 2024**, listings rose from just **1 to 55**, marking a **55-fold increase**, which clearly showcases the growing confidence of manufacturing SMEs in tapping equity markets. The sharp rise post-2021, especially in 2023 and 2024, signals a structural shift, possibly influenced by favourable government policies, supply chain localization, and growing investor appetite for manufacturing businesses.

The manufacturing sector benefits from economies of scale, product diversification, and the ongoing push for Make in India, making it more market-friendly than before. Despite earlier years showing moderate listing activity, the steep curve in recent years reflects both maturity and momentum among SMEs.

From a sustainability angle, the sector aligns with SDG 9 – Industry, Innovation, and Infrastructure, promoting industrial growth and innovation, and SDG 8 – Decent Work and Economic Growth, by generating employment and boosting productivity. Streamlined listing procedures and tailored financial instruments can further accelerate SME participation in this dynamic segment.

Figure 14 Annual Growth of number of SME listing Agriculture Industry

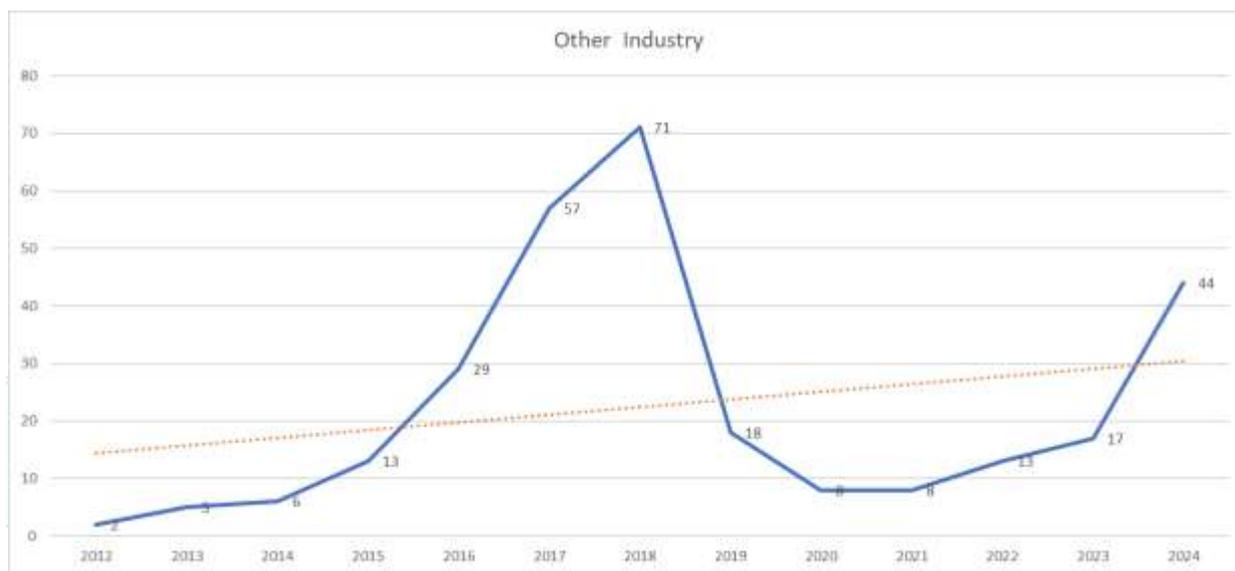


Source: www.nse.com & www.bse.com

Between **2012 and 2024**, the number of listings increased from **1 to 5**, reflecting a **5-fold rise**, though over a long 13-year stretch. This sporadic growth could be attributed to the inherent volatility of the agriculture sector—affected by monsoons, market prices, land dependency, and limited scalability for small agribusinesses. Moreover, many agri-SMEs tend to rely on cooperative financing, subsidies, or rural credit channels, making public equity a less familiar route.

Despite these constraints, the agriculture sector has the potential to contribute meaningfully to SDG 8 (Decent Work and Economic Growth) by promoting rural employment, SDG 9 (Industry, Innovation, and Infrastructure) through Agri-tech and value-chain improvements, and SDG 10 (Reduced Inequalities) by empowering small-scale farmers and rural entrepreneurs. Encouraging targeted incentives and improving capital access could help unlock broader participation and equity-driven growth.

Figure 14 Annual Growth of number of SME listing classified as other Industries



Source: www.nse.com & www.bse.com

The listings rose sharply between **2015 and 2018**, peaking at **71**, but then fell drastically in subsequent years before rebounding to **44** in **2024**. This fluctuation implies a volatile and inconsistent trend, possibly due to the mixed composition of this category, which may include niche, emerging, or less-regulated sectors. These industries often react quickly to market shifts, policy changes, or short-term investor sentiment.

While this group lacks clear sectoral identity, it still holds potential under **SDG 8 (Decent Work and Economic Growth)** by supporting entrepreneurship, **SDG 9 (Industry, Innovation, and Infrastructure)** by promoting diverse and evolving business models, and **SDG 10 (Reduced Inequalities)** by offering underserved sectors a platform for capital access.

Conclusion:

SME stock exchanges in India—BSE SME and NSE Emerge—have become transformative platforms enabling small and medium enterprises to access equity capital, reduce debt dependency, and scale sustainably. Since their launch in 2012, these platforms have supported a consistent rise in listings and capital raised, indicating growing acceptance and maturity in SME participation. The number of IPOs surged to 244 in 2024, with capital raised increasing more than fourfold over a 13-year span. Sector-wise analysis reveals that industries such as manufacturing, services, and construction have benefited significantly, while others like agriculture and plastics have shown limited participation due to structural barriers.

Progressive trends confirm a positive relationship between time and listing growth in most sectors, underscoring the increasing role of capital markets in SME development. Beyond financing, SME listings have improved transparency, governance, and investor confidence. These platforms also align with key Sustainable Development Goals, namely SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 10 (Reduced Inequalities), by promoting inclusive and sustainable enterprise growth. Despite challenges like awareness gaps and regulatory constraints, SME stock exchanges are emerging as vital instruments in strengthening India's entrepreneurial ecosystem and driving long-term economic resilience.

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