

# **6 thoughts for MSMEs**

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**I will discuss 6 things**

# Think about these 6 things

1. India

2. Digital

3. Media Consumption

4. Millennials

5. Trade

6. MSMEs

**My opening hypothesis**

**1. India is unique, has been different and will never follow some model of another country's development**

**2. India will change faster than most other countries due to its unique demography, savings, education, resource constraints**

**3. Everything that can be done digitally in  
India will gain traction**

**4. MSMEs contribute as much as industry and twice agriculture in terms of % GDP**



**5. Every number in India will look very big with one lens and very small with another lens**

# 1.India GDP

	2010	2020	2030
GDP Trillion \$	1.26	2.85	6.6
Market cap Lac crores	61 lac	160	
Sensex Index	16440	41160	
Sensex mkt cap as %		52 %	
Corporate profits as % GDP	6.5 %	~ 3 %	

# Investment by sector 2014 to 2019- Billion \$s

Sector	Total amount
Telecom Infrastructure	6.3
Renewables	6.2
Roads	4.6
Warehousing & Logistics	2.9
Airports	2.4
Power generation	1.0
Infrastructure	0.8
Top 10 sectors	27.5

# Sources of pride - nationalism

1. GDP and rank in world
2. Business leaders
3. Local innovation , India for India
4. World Class Indian companies
5. Political leaders

# India – Top 10 Companies

By Market Cap	\$ Billion	By PAT	\$ bln
Reliance Industries	140	Reliance Industries	6.7
TCS	109	TCS	4.6
HDFC bank	97	ONGC	4.1
HUL	63	HDFC bank	3.7
HDFC	56	SBI	2.7
ICICI	47	Coal India	2.5
SBI	43	Infosys	2.3
Kotak Bank	43	ITC	2.2
ITC	42	IOCL	2.2
Infosys	42	NTPC	1.7

## 2. Global Mobile data

	2010	2018	2025
<b>Citizens using internet</b>	<b>870 million</b>	<b>3.6 billion</b>	<b>5 billion</b>
<b>Mobile subscribers</b>	<b>3.2 billion</b>	<b>5.1 billion</b>	<b>5.8 billion</b>
<b>4 G networks</b>	<b>16</b>	<b>451</b>	<b>To 5 G</b>
<b>Smartphones</b>	<b>437 million</b>	<b>5 billion</b>	<b>7 billion</b>

# Digital India 2018

1. 12.3 billion app downloads
2. 1.17 billion mobile subscribers
3. 560 million Internet users
4. 354 million smartphones
5. 294 million people using social media

# 3.Average time spent with media - India

	2017	2020	2021
<b>Total time spent on media</b>	<b>4 hours 13 mts</b>	<b>5 hours 14 mts</b>	<b>5 hours 24 mts</b>
<b>TV</b>	<b>59.5 %</b>	<b>58.1 %</b>	<b>57.5 %</b>
<b>Digital</b>	<b>27.7%</b>	<b>30.8%</b>	<b>31.6%</b>
<b>Of which smartphones</b>	<b>13.7%</b>	<b>18.5%</b>	<b>19.5%</b>
<b>Print</b>	<b>7 %</b>	<b>5.9%</b>	<b>5.8%</b>
<b>Of which newspapers</b>	<b>6.5%</b>	<b>5.5%</b>	<b>5.4%</b>
<b>Radio</b>	<b>5.8%</b>	<b>5.1%</b>	<b>5.1%</b>



# Top 10 languages- April 2019

Top 10 languages Internet	Millions of users	Top 20 spoken languages	Millions native speakers
English	1105	1.Mandarin Chinese	846
Chinese	863	2.Spanish	329
Spanish	344	3.English	328
Arabic	276	4.Hindi	242
Portuguese	171	6.Bengali	181
Indonesia	169	13.Telugu	70
French	144	15.Marathi	68
Japan	118	18. Tamil	66
Russia	105	19. Italian	62
German	92	20. Turkish	51

# Top 3 social apps

China	India	Japan	UK	USA
Wechat	Wapp	Line	Wapp	Snapchat
QQ	Instagram	Twitter	Snapchat	Fb
Kwai	Fb	Instagram	Instagram	Instagram

# 4. Millennials will save less

Monthly Expenses	%
Necessities	29%
Education	16.7%
Utilities	13.5%
Personal grooming	12.4%
Lifestyle	10.7%
SAVINGS	11.2%
Rent/EMI	6.5%

Expenses from incremental income	%
Entertainment + Eating Out	32.7%
Apparel and Accessories	21.4%
Mobiles+computers	11.2%
Home appliances	8.3%
Vehicle ownership	5.4%
Leisure Travel	3.5%
SAVINGS	10.5%

# Where will incremental spend happen? 2018-2030

	Premiumization	Healthy and organic	Buying more of the same	Total spend \$ Trln
Food at home	25%	32%	43%	1.3
Dining Out	38%		62%	0.3
Alcohol	50%		50%	0.2
Personal care	59%	New categories 19%	22 %	0.2
Apparel	33%	Formal wear 25 %	42%	0.1
Transport	6 %	Ride sharing 9 %	86%	0.4
Communication	72%		28%	0.1
Health and Fitness	10 %		90%	0.3
Entertainment	16 %		84%	0.1
Travel	23%		77%	0.1
<b>Incremental spend</b>				<b>3.0 Trillion</b>

# 5. Trade dynamics

	2017	2022	2030
<b>Trade value \$ Billion</b>	<b>672</b>	<b>1200</b>	<b>2900</b>
<b>Traditional Trade</b>	<b>89%</b>	<b>82%</b>	<b>65%</b>
<b>Organized Trade</b>	<b>9%</b>	<b>14%</b>	<b>25%</b>
<b>E commerce</b>	<b>2%</b>	<b>4%</b>	<b>10%</b>
<b>Organized + e commerce Contribution to growth</b>	<b>19%</b>	<b>27%</b>	<b>47%</b>

# Shopping trips last 4 weeks

	2017	2018
<b>Traditional trade</b>	<b>7.9</b>	<b>7.7</b>
<b>Modern trade/organized trade</b>	<b>1.6</b>	<b>3.8</b>
<b>Online</b>	<b>1.6</b>	<b>3.3</b>

# 6.Total No of MSMEs

	2009/10	2018/19
<b>Total No of MSMEs</b>	<b>30 million</b>	<b>63 Million</b>
<b>Employed by MSMEs</b>	<b>69 million</b>	<b>110 million</b>
<b>People employed per MSME</b>	<b>2.3</b>	<b>1.7</b>
<b>Value</b>	<b>Production 9.82 lac crores</b>	<b>GVA 44 lac crores</b>
<b>Share in GDP %</b>	<b>29.6%</b>	<b>28.9%</b>

# Credit needs of MSMEs

- Total debt of MSMEs : Rs 69.3 trillion
- **Formal sources of Debt : Rs 10.9 Trillion**
- Informal sources of debt : Rs 58.4 Trillion
- **Scheduled Commercial banks : Rs 8.8 Trillion**
- **NBFCs : Rs 1.5 Trillion**
- Public Sector banks : Rs 5.4 Trillion
- Private Sector banks : Rs 3.1 Trillion
- Foreign banks : Rs 0.3 Trillion



# Summary