

BSE SME: Helping tap equity capital

More than 586 companies have listed on the platform and nearly a third have migrated to the mainboard of the stock exchange as investor interest drives growth

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The BSE SME platform has emerged as a major gateway for small and medium enterprises (SMEs) to access institutional and public capital. The market capitalisation of companies listed on BSE SME has topped ₹1.8 trillion, with total equity capital raised nearly ₹10,000 crore. BSE SME and NSE Emerge put together have seen over 1,200 companies raise nearly ₹27,000 crore through initial public offerings (IPOs), according to data compiled by Prime Database.

Since their inception over a decade ago, the two niche exchange platforms have helped entrepreneurs transition from the unorganised sector into the regulated fold.

BSE SME, which was launched in 2012 with government support, is designed to promote capital market participation among SMEs. To date, around 580 companies have listed on the BSE SME platform, with nearly a third successfully migrating to the mainboard of the stock exchange.

"The platform has provided a tremendous opportunity for value creation for smaller, family-owned companies. Traditionally, Indian promoters have been hesitant to dilute equity. However, the wealth creation potential offered by this platform has encouraged them, as evidenced by the success of their peer groups," said Pranav Haldea, managing director of PRIME Database Group.

India has more than 73.4 million MSMEs, which account for over 45 per cent of the country's exports and a third

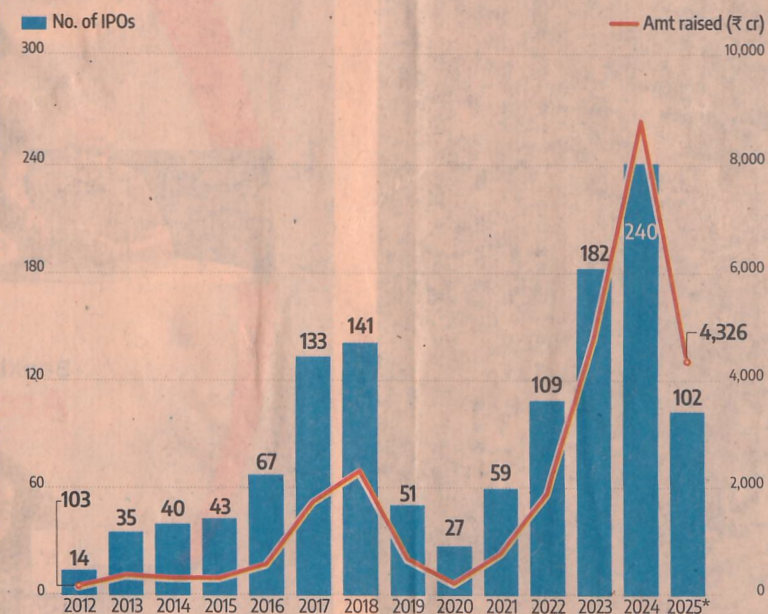


of its gross domestic product. The sector employs some 260 million people. Despite its importance, the

MSME sector faces a significant funding shortfall. The sector has a broad addressable credit gap of ₹30 trillion, according to a May 2025 report by SIDBI.

Most MSMEs rely on informal sources to finance their short-term equity needs. Growth- or mature-stage enterprises are more likely to opt for equity financing, according to the

Empowering small business



Source: Primedatabase.com

Note: Data for BSE, NSE SME platforms; *2025 data until June

report called 'Understanding the Indian MSME Sector: Progress and Challenges'.

The report also highlighted that MSMEs often struggle to tap capital markets due to their size, nature of operations, and readiness in terms of transparency, disclosures, and regulatory compliance.

In addition to providing a fundraising avenue, the SME platform has seen a surge in investor interest, particularly from retail investors seeking significant gains.

"The demand for SME IPOs has surged multifold in the last five years.

In 2020, the average number of applications from retail investors per SME IPO was just 297. This surged to 187,000 applications per SME IPO in 2024," said Haldea.

Given the growing importance of the MSME segment, the Securities and Exchange Board of India and the exchanges have strengthened regulations governing SME IPOs and post-listing disclosures. However, with rising investor interest and instances of manipulation by some promoters, industry experts have called for a cautious approach to safeguard the ecosystem from bad actors.