

Home / BANKING/FINANCE / Asset quality of MSME loans may continue to face stress in FY20, says Mr. Chowdhury

ASSET QUALITY OF MSME LOANS MAY CONTINUE TO FACE STRESS IN FY20, SAYS MR. CHOWDHURY

mumbainewsexpress | October 16, 2019 | BANKING/FINANCE, CORPORATE / BUSINESS
Leave a comment | 94 Views

Facebook

Twitter

Google+

Stumbleupon

LinkedIn

Pinterest

by *Suman Gupta*

“There has been a significant decline in the Credit Ratio i.e. upgrade to downgrade ratio for Acuité Ratings to 1.14 times in FY19 from 1.88 times in FY18. Clearly, the lower proportion of upgrades to downgrades which is expected to continue in FY20, partly reflects the challenges in the MSME sector such as higher working capital requirements due to delayed customer payments, increased funding challenges and the visible signs of a growth slowdown from the second half of FY19,” said **Mr. Suman Chowdhury, President – Rating Operations, Acuité Ratings & Research Limited** at a programme on ‘Evolving Modes of MSME Financing’. The programme was jointly organised by MVIRDC World Trade Center Mumbai and All India Association of Industries at WTC Mumbai.

RELATED ARTICLES



Agarwal Packers and Movers bags Pride of India Award from AITWA

2 days ago



The Himalaya Drug Company Launches Quista kidz — A Super Tasty, Nutritional Supplement for Children

2 days ago



Evolet opens flagship showroom in Mumbai

2 days ago

However, Mr. Chowdhury expects credit flow to MSMEs improve in the next 2-3 years because of policy measures taken by RBI. "With the growth slowdown and a modest inflation regime, RBI has not only cut rates by 135 bps in the current calendar but is also trying to ensure that such rate cuts are effectively transmitted. We therefore expect to see a significant change in the funding environment both in terms of availability and interest rates over the near term. Acuité believes that with the emergence of the new age digital fintech platforms, funding to the MSME sector particularly trade finance will witness a boost over the next 2-3 years,"

Speaking on this occasion, **Ms. Rachana Bhusari**, Vice President-SME, National Stock Exchange India suggested small and medium enterprises to raise long term capital from the exchange's SME platform – Emerge. Ms. Bhusari said, "Currently, more than 200 companies have raised funds through this platform and these companies represent diverse industry base such as media and entertainment, manufacturing, textiles, engineering, finance, chemicals, agriculture, food processing and construction etc."

The event was also addressed by other dignitaries viz. **Mr. Jaikrishnan G**, Director, Financial Services, Management Consulting, KPMG Advisory Services, **Mr. G. Ramachandran**, Director, Keiretsu Forum, **Mr. Arun Nayyar**, CEO, NeoGrowth Credit, **Mr. T. D. Sivakumar**, General Manager, Corporate Banking Group, EXIM Bank of India, **Mr. Pankaj Gupta**, Senior Vice President and Chief Finance and Risk Officer, SBI Global Factors and **Mr. Abhijeet Angane**, Senior Vice President and Regional Head – West – Relationship, India Factoring And Finance Solutions

Earlier in his welcome remarks, **Mr. Y.R. Warerkar, Director General, MVIRDC World Trade Center Mumbai** said, "The topic of today's programme assumes great significance as finance is the lifeline of any business activity. Timely access to credit at a reasonable cost is a pre-requisite to the effective functioning of MSME enterprises and ensuring the viability of this sector. There is a dire need to promote alternative sources of funding as the MSME sector is stifled due to unmet credit need of Rs. 20-25 lakh crore, according to International Finance Corporation. I believe the programme will create ample awareness on how MSMEs can benefit from emerging sources of funding such as fintech companies, angel investment, SME platforms of stock exchanges, among others."

Ms. Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai proposed vote of thanks for the event.

The event was attended by representatives from trade and industry, financial institutions, consular corps and academia.

Asset quality of MSME loans may continue to face stress in FY20, says Mr. Chowdhury



- October 16, 2019

Asset quality of MSME loans may continue to face stress in FY20, says Mr. Suman Chowdhury

"There has been a significant decline in the Credit Ratio i.e. upgrade to downgrade ratio for Acuité Ratings to 1.14 times in FY19 from 1.88 times in FY18. Clearly, the lower proportion of upgrades to downgrades which is expected to continue in FY20, partly reflects the challenges in the MSME sector such as higher working capital requirements due to delayed customer payments, increased funding challenges and the visible signs of a growth slowdown from the second half of FY19," said **Mr. Suman Chowdhury, President - Rating Operations, Acuité Ratings & Research Limited** at a programme on 'Evolving Modes of MSME Financing'. The programme was jointly organised by MVIRDC World Trade Center Mumbai and All India Association of Industries at WTC Mumbai.

However, Mr. Chowdhury expects credit flow to MSMEs improve in the next 2-3 years because of policy measures taken by RBI. "With the growth slowdown and a modest inflation regime, RBI has not only cut rates by 135 bps in the current calendar but is also trying to ensure that such rate cuts are effectively transmitted. We therefore expect to see a significant change in the funding environment both in terms of availability and interest rates over the near term. Acuité believes that with the emergence of the new age digital fintech platforms, funding to the MSME sector particularly trade finance will witness a boost over the next 2-3 years,"

Speaking on this occasion, **Ms. Rachana Bhusari**, Vice President-SME, National Stock Exchange India suggested small and medium enterprises to raise long term capital from the exchange's SME platform - Emerge. Ms. Bhusari said, "Currently, more than 200 companies have raised funds through this platform and these companies represent diverse industry base such as media and entertainment, manufacturing, textiles, engineering, finance, chemicals, agriculture, food processing and construction etc."

The event was also addressed by other dignitaries viz. **Mr. Jaikrishnan G**, Director, Financial Services, Management Consulting, KPMG Advisory Services, **Mr. G. Ramachandran**, Director, Keiretsu Forum, **Mr. Arun Nayyar**, CEO, NeoGrowth Credit, **Mr. T. D. Sivakumar**, General Manager, Corporate Banking Group, EXIM Bank of India, **Mr. Pankaj Gupta**, Senior Vice President and Chief Finance and Risk Officer, SBI Global Factors and **Mr. Abhijeet Angane**, Senior Vice President and Regional Head - West - Relationship, India Factoring And Finance Solutions

Earlier in his welcome remarks, **Mr. Y.R. Warerkar, Director General, MVIRDC World Trade Center Mumbai** said, "The topic of today's programme assumes great significance as finance is the lifeline of any business activity. Timely access to credit at a reasonable cost is a pre-requisite to the effective functioning of MSME enterprises and ensuring the viability of this sector. There is a dire need to promote alternative sources of funding as the MSME sector is stifled due to unmet credit need of Rs. 20-25 lakh crore, according to International Finance Corporation. I believe the programme will create ample awareness on how MSMEs can benefit from emerging sources of funding such as fintech companies, angel investment, SME platforms of stock exchanges, among others."

Ms. Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai proposed vote of thanks for the event.

The event was attended by representatives from trade and industry, financial institutions, consular corps and academia.

Asset quality of MSME loans may continue to face stress in FY20, says Mr. Chowdhury

Posted By: admin on: October 19, 2019 In: National No Comments

 Print  Email

Mumbai: "There has been a significant decline in the Credit Ratio i.e. upgrade to downgrade ratio for Acuité Ratings to 1.14 times in FY19 from 1.88 times in FY18. Clearly, the lower proportion of upgrades to downgrades which is expected to continue in FY20, partly reflects the challenges in the MSME sector such as higher working capital requirements due to delayed customer payments, increased funding challenges and the visible signs of a growth slowdown from the second half of FY19," said **Mr. Suman Chowdhury, President – Rating Operations, Acuité Ratings & Research Limited** at a programme on 'Evolving Modes of MSME Financing'. The programme was jointly organised by MVIRDC World Trade Center Mumbai and All India Association of Industries at WTC Mumbai.

However, Mr. Chowdhury expects credit flow to MSMEs improve in the next 2-3 years because of policy measures taken by RBI. "With the growth slowdown and a modest inflation regime, RBI has not only cut rates by 135 bps in the current calendar but is also trying to ensure that such rate cuts are effectively transmitted. We therefore expect to see a significant change in the funding environment both in terms of availability and interest rates over the near term. Acuité believes that with the emergence of the new age digital fintech platforms, funding to the MSME sector particularly trade finance will witness a boost over the next 2-3 years."

Speaking on this occasion, **Ms. Rachana Bhusari**, Vice President-SME, National Stock Exchange India suggested small and medium enterprises to raise long term capital from the exchange's SME platform – Emerge. Ms. Bhusari said, "Currently, more than 200 companies have raised funds through this platform and these companies represent diverse industry base such as media and entertainment, manufacturing, textiles, engineering, finance, chemicals, agriculture, food processing and construction etc."

The event was also addressed by other dignitaries viz. **Mr. Jaikrishnan G**, Director, Financial Services, Management Consulting, KPMG Advisory Services, **Mr. G. Ramachandran**, Director, Keiretsu Forum, **Mr. Arun Nayyar**, CEO, NeoGrowth Credit, **Mr. T. D. Sivakumar**, General Manager, Corporate Banking Group, EXIM Bank of India, **Mr. Pankaj Gupta**, Senior Vice President and Chief Finance and Risk Officer, SBI Global Factors and **Mr. Abhijeet Angane**, Senior Vice President and Regional Head – West – Relationship, India Factoring And Finance Solutions

Earlier in his welcome remarks, **Mr. Y.R. Warkerkar, Director General, MVIRDC World Trade Center Mumbai** said, "The topic of today's programme assumes great significance as finance is the lifeline of any business activity. Timely access to credit at a reasonable cost is a prerequisite to the effective functioning of MSME enterprises and ensuring the viability of this sector. There is a dire need to promote alternative sources of funding as the MSME sector is stifled due to unmet credit need of Rs. 20-25 lakh crore, according to International Finance Corporation. I believe the programme will create ample awareness on how MSMEs can benefit from emerging sources of funding such as fintech companies, angel investment, SME platforms of stock exchanges, among others."

Ms. Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai proposed vote of thanks for the event.

The event was attended by representatives from trade and industry, financial institutions, consular corps and academia.