

Crypto, Blockchain Tools Can Bridge \$393 Bn Credit Gap Faced By MSMEs: Experts

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Decentralised finance by way of cryptocurrency and blockchain tools has the potential to bridge the USD 393 billion credit gap faced by the Indian MSME sector, said Ashish Anand, Founder, Whrri – a blockchain start-up in warehouse receipt finance.

He was speaking at an interactive session on 'Decrypting Crypto' organized by MVIDC World Trade Center (WTC) Mumbai.

Participating in the panel, Firoze B. Andhyarujina, Senior Counsel, Supreme Court of India said that the Reserve Bank of India may bring regulatory clarity on lending to the MSME sector in the form of cryptocurrency as it becomes a mainstream medium for payment and lending.

The regulatory intervention is needed to safeguard, protect and prevent fraudulent and unlawful activities, the senior counsel said.

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"Decentralised finance for the real world will be one such solution connecting a vast majority of 1.70 billion unbanked or under-banked population and small businesses to a global, borderless and inter-connected financial ecosystem," Anand said.

"The tax framework proposed by the finance ministry recently does not favour crypto entrepreneurs, resulting in flight of entrepreneurship and brain drain from India. The government should incentivise crypto growth in India to retain talent in the country," said Sidharth Sogani, CEO, CREBACO Global.

A central bank digital currency will not impact decentralised crypto currencies although they use the same underlying technology since they are fundamentally very different, Sogani said.

Speaking at the session, Gaurav Somwanshi, CEO and Co-founder, EmerTech Innovations said, "With the advent of blockchain, we will see the advent of creator economy as opposed to aggregator economy. In a creator economy, the creator or producers of the products get a substantial portion of the market price, rather than aggregators or intermediaries. For the first time, you will see fair distribution of value, regardless of domain, in art, agriculture and other fields of economic activity."