



**Presentation on Access to Finance**

**World Trade Day 2018 organized by World  
Trade Centre, Mumbai at Rotary Club Hall,  
Ichalkaranji**

**Date – 20/06/2018**

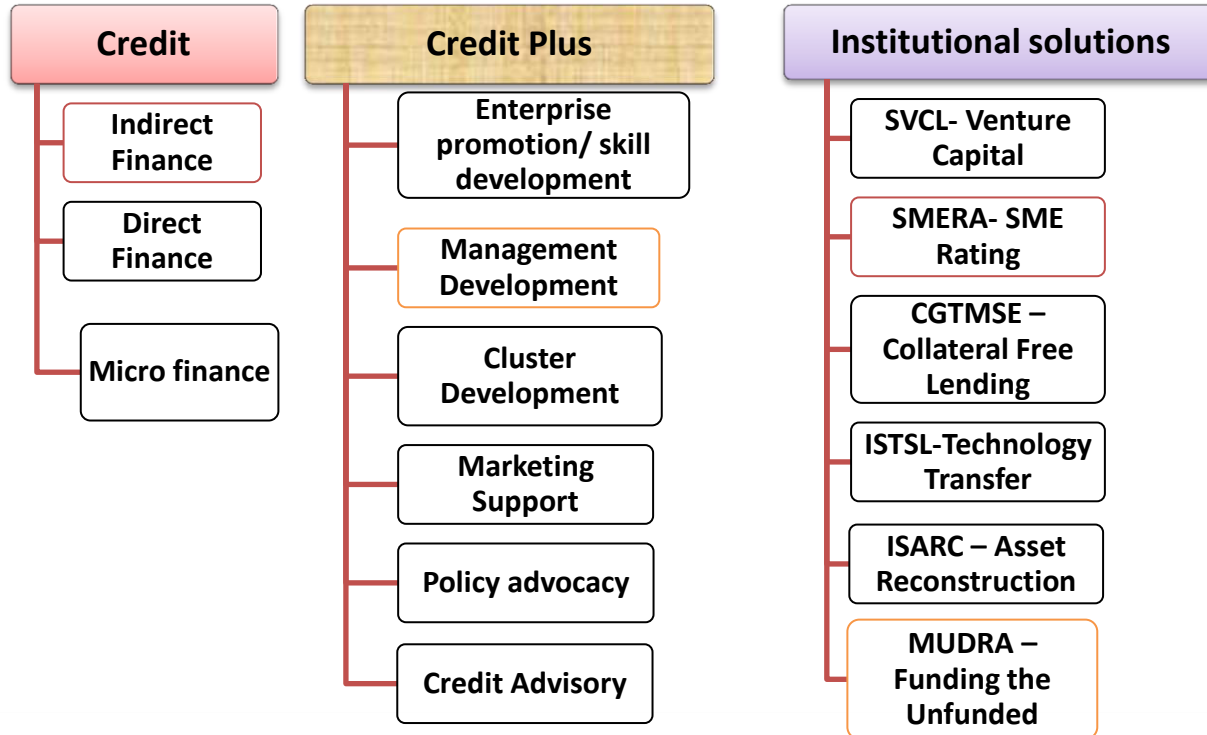
# MSME Sector in India

- A vehicle for Faster, Sustainable and more Inclusive Growth.
- Platform for Entrepreneurship Development
  - > 51.1 million enterprises
- Second largest source of employment > 117.1 million
  - Inclusive nature of employment creation
  - Average employment per enterprise – 2.3
  - Investment per employment – Rs. 5.3 lakh
- Percentage of enterprises availing loans
  - From Institutional sources – 7.3%
  - Self-finance – 92.70%
- Contributes 33.40% of manufacturing,
- 45% of exports,
- GDP share by MSME – 37.5%
- MSME growth faster than industry/economy.

## **A brief Profile-SIDBI**

- Set up in 1990 by an act of Parliament to act as the Principal financial institution for MSMEs and Co-ordinate the functions of institutions engaged in similar activities.
- Originally functioning as a Refinancing Institution for SIs (now MSMEs as per MSMED Act, 2006)
- Benefitted over 3.60 lakh people
- National Presence – serving over 500 MSME clusters with 82 branches in the country.

# SIDBI - Apex institution for MSME in India



# Access to Credit – Types and Models of SME Finance

- Refinance
  - Primarily a Refinancing Institution (RFI) to augment the resource base of Banks/SFCs,
  - Micro Credit through MFIs
    - Upscaling / Downscaling
- Direct Finance
  - To fill the gaps by supplementing the banks / FIs and showcase that loans to MSMEs can be profitable
  - Term Lending, Bills Discounting / Receivable Finance
  - Cluster based approach for direct finance
    - Specialized scheme for specific requirement (FSIA)
  - Sustainable/Responsible Finance
- Promotional and Developmental Activities
- Nodal/ Implementing Agency to GoI Schemes/ Programs
- Policy Advocacy
- Specialized functions through subsidiaries/ associates

## Addressing Gaps

- Term loan to manufacturing and service sector (SMILE, TIFAC, SBL, PCS, etc.)
- Financing start-ups / innovative enterprises/ incubatees
  - Setting up Micro Venture Innovation Fund at National Innovation Foundation, Ahmedabad – 200 innovations benefitted
  - SIDBI Innovation and Incubation Centre at IIT, Kanpur – incubated 69 start-ups
  - SIDBI Centre for Inn
- Equity/ Venture/ Risk Capital
- Working Capital
- Service Sector
- Energy intensity
- Developing other niche areas

## **SIDBI as Nodal Agency -GOI Schemes**

- Credit Linked Capital Subsidy Scheme (CLCSS)
- Technology Upgradation Fund Scheme for Textiles / Jute (TUFS)
- Integrated Development of Leather Sector Scheme (IDLSS)
- Scheme of Technology Upgradation /Setting up /Modernisation /Expansion of Food processing Industry
- Technology & Quality Upgradation (TEQUP) Scheme

# P&D Activities of SIDBI

- P&D Support to MSMEs – SIDBI's mandate and an integral part of Bank's activities since inception.
- Besides financing, SIDBI plays a pioneering role for promotion and development of the MSME sector. P&D activities are designed to achieve the twin objectives of national importance viz:
  - (a) **Promotional** - enterprise promotion resulting in setting up new units and creation of additional employment through its select programmes, such as, Micro Enterprises Promotion Programme (MEPP), Entrepreneurship Development Programme (EDP), etc. and ;
  - (b) **Developmental** – enterprise strengthening through select interventions, such as, setting up of Cluster Development Programme (CDP), Skill cum Technology Upgradation Programme (STUP), Small Industries Management Assistant Programme (SIMAP), marketing support, Credit Advisory Centres (CAC), smallB website, etc.



# SMILE

- **25 Identified sectors under make in India** : *Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence Manufacturing, Electrical machinery, Electronic systems, Food Processing, IT and BPM, Leather Media and entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports, Railways, Renewable Energy, Roads and Highways, Space, Textile and Garments, Thermal Power, Tourism and Hospitality and Wellness.*
- **UPFRONT FEE** : 1% of the loan amount
- **RATE OF INTEREST (upto 7 years)** :
  - **7.99% p.a. to 9.06% p.a.**
- **PROMOTERS' CONTRIBUTION**
  - Minimum 15% of Project Cost upto Rs.100 lakh
  - 20% for the rest
- **TERM LOAN** : Minimum 75% of Project Cost upto Rs.100 lakh, and 2/3<sup>rd</sup> for the rest

# Terms of assistance – example

Parameter	Project 1		Project 2	
Project Cost	<b>100</b>		<b>200</b>	
Means of Finance	General	SC/ST / PWD / Women	General	SC/ST / PWD / Women
Promoter Contribution	15	10	48	38
Term Loan	75	75	132	132
Soft Loan	10	15	20	30
<b>Total</b>	<b>100</b>	<b>100</b>	<b>200</b>	<b>200</b>

# Secured Business Loan

- **Objective :** For any tangible or intangible business need such as capex, servicing new orders, renovation of property/ assets, reimbursement against self financed assets acquired in last one year, funding of intangibles, brand building/ marketing, R&D, inorganic business growth, or any other bonafide business need, etc.
- **Eligible Expenditure :**
  - Plant & Machinery
  - Equipment's/ ancillary equipment's/ balancing equipment, etc.
  - MFA like DG set, transformer, electric panel etc.
  - Need based civil construction for installation of machinery/ equipment and Jigs, fixtures, moulds, software's etc. [not more than 25% of total project cost].
- **Eligibility :** Existing MSME units having net profits in 2 years out of last three years with cash profits in all the three years.
- **Tenure :** 3-10 years including moratorium upto 12 months for rupee term loan
- **Loan to Value (LTV Criterion)** - 60% of market value of collateral security (residential / commercial property within municipal / urban limits) OR 50% of market value of collateral security (open land / plot within municipal / urban limits, industrial property in industrial area, commercial property in industrial area)
- **Gross Cash Accrual Criterion (GCA Criterion)** -  $GCA = \text{Profit after Tax} + \text{Depreciation}$

# Fixed Deposit


## Fixed Deposits upto ` 1 lakh

Tenure (Months)	Interest Rate (% p.a.)	Effective Annualized Yield on Quarterly compounding basis (%)
12 - 13	6.75	6.92
14 - 36	6.75	6.92
37 - 60	6.50	6.66

## Fixed Deposits above ` 1 lakh and upto ` 50 crore

Tenure (Months)	Interest Rate (% p.a.)	Effective Annualised Yield on Half-yearly compounding basis (%)
12-13	7.25	7.38
14-36	7.25	7.38
37-60	7.00	7.12

# Digital Solutions from SIDBI

Name of the portal	Logo	Niche Offerings
<a href="http://www.standupmitra.in">www.standupmitra.in</a>		Thrust on Standup India loans ( rs 10 lakh to Rs 100 lakh) and handholding
<a href="http://www.udyamimitra.in">www.udyamimitra.in</a>		Access all enterprise loans- MUDRA, MSME loans- (presently upto Rs 2 crore)
<a href="http://www.smallB.in">www.smallB.in</a>		Knowledge access - Setting up
<a href="http://www.sidbistartupmitra.in">www.sidbistartupmitra.in</a>		Matchmaking portal of startups, accelerators and incubators

## Single Point Access to Information as well as Services

### Business ideas and knowledge pool

- Standardised information- forms, guidelines, schemes including subsidy schemes, DPRs
- [smallB.sidbi.in](http://smallB.sidbi.in)
- AV films( 10 languages) ,flyers, brochures, user manual, FAQs, Looking for answers, subsidy convergence uploaded.

### Credible Connect

- Locate branch
- Online Access to 1.25 lakh bank branches
- Online requests can be made to 17000+ handholding agencies (for application filing, financial training, skill training, mentoring, access to margin money/subsidy and so on)

# Status of mitra portals


- [www.UdyamiMitra.in](http://www.UdyamiMitra.in) and [www.StandUpMitra.in](http://www.StandUpMitra.in) for micro enterprises under MUDRA and other MSMEs to apply online for loans to banks or for seeking handholding for the same.
- Over 1 lakh bank branches and 17,000+ handholding agencies directly linked.
- 67,000+ registrations, 11,000+ online loan requests completed and 2300+ loans extended online.
- 24,000 handholding requests of which 12,000 attended so far.
- Field support by SIDBI offices, Lead Bank, SLBC, etc. to monitor action by banks

MUDRA Mitra x Udyami Mitra : Home x


Secure | <https://udyamimitra.in>

HOME | UDYAMIMITRA | CONTACT US

हिन्दी Login

 [SEEK HANDHOLDING SUPPORT](#) [ACCESS LENDERS](#) [FASTER LOAN PROCESSING](#)

**LOAN IN EASY STEPS FOR**  
BUSINESS ENTERPRISES AND MSMEs

 **UdyamiMitra**  
Empowering MSMEs

[APPLY HERE](#)

Latest News : rta (www.udyamimitra.in) is coming soon

Windows Taskbar: 2:18 PM 27/11/2017





## MUDRA LOAN PORTAL



Register



Choose Hand Holding Support



Fill Application Form



Apply to preferred lender

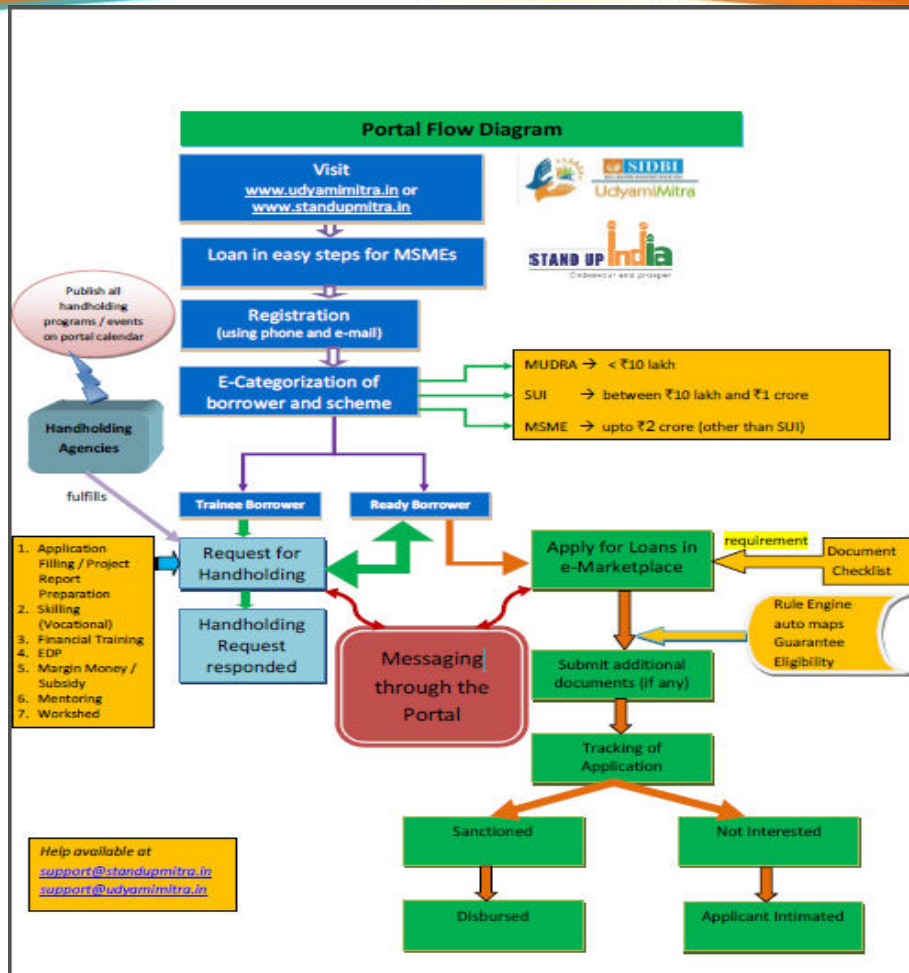
### Login

User Name \*

Password \*

Remember Me

[Login](#) [New User?](#) [Forgot Password?](#)



# SIDBI – A ONE - STOP WINDOW

## I . Subsidiaries

- Venture Capital - SIDBI Venture Capital Ltd. (SVCL)

## II. Associates

- Credit Guarantee
  - Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)
- Credit Rating
  - SME Rating Agency of India Ltd. (SMERA)
- Technology Transfer
  - India SME Technology Services Ltd. (ISTSL)
- Asset Reconstruction
  - India SME Asset Reconstruction Company Ltd. (ISARC)
- Funding of unfunded
  - Micro Units Development & Refinance Agency (MUDRA)
- Financing of Trade Receivables
  - Receivables Exchange of India Ltd. (RXIL)

# CGTMSE – Game changer for MSMEs

- ❖ Set up as a Trust in August, 2000 and administered by a Board of Trustees –
- ❖ Government of India (Ministry of MSME) and Small Industries Development Bank of India (SIDBI) Contribution ratio 4 :1 (initial corpus was Rs. 2500 crore and now enhanced to Rs. 7500 crore).
- ❖ Benefits:
  - ❖ Credit facility upto Rs. 200 lakh covered
  - ❖ Improves Risk Profile & Supports First generation Entrepreneur
  - ❖ Less provisions for Member Lending Institutions [MLIs] for their Bad Loans
  - ❖ Faster Recovery of Institutional dues
  - ❖ A Good tool / intervention as compared to Direct subsidies with wider and bigger impact with less capital
- ❖ Total 106 MLIs registered with the Trust as on date (21 PSU Banks, 20 Pvt. Banks, 51 RRBs, 9 FI and 5 Foreign Banks)
- ❖ Maximum risk coverage of upto 85% of the credit facility
- ❖ Risk sharing reduced to 50% for loans above Rs. 50 lakh



# Thank you!

Contact us at:

**SIDBI**

**Kolhapur Branch Office, Royal Heritage, Opp. Basant Bahar Theatre,**

**Assembly Road, Kolhapur**

**Phone – 0231-2664144**

**Mobile No.9763723124**

