

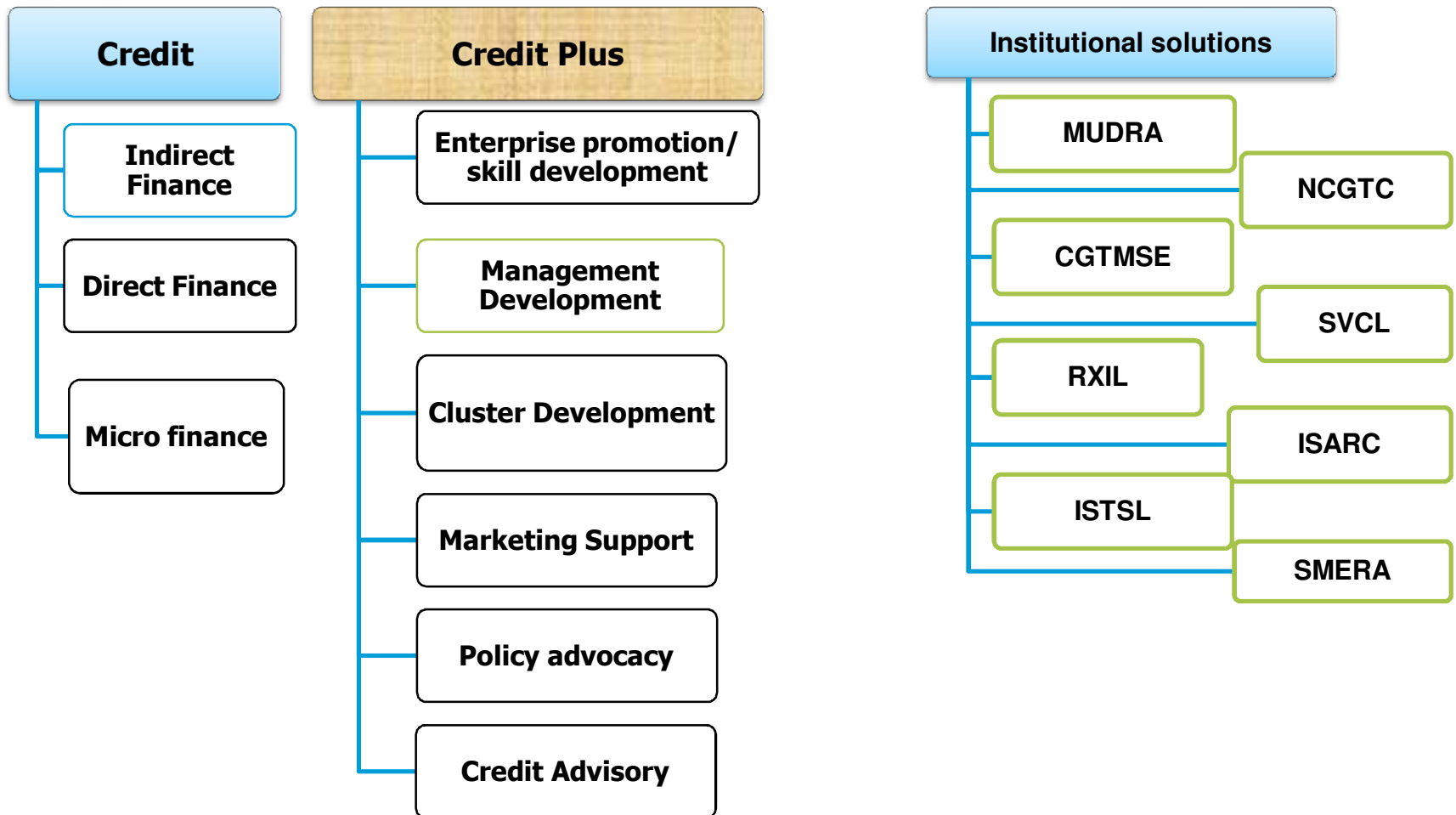


## SIDBI – as a successful DFI..

- \* Development Financial institution [DFI] set up in 1990 – under an act of Indian Parliament
- \* 34 shareholders – Banks, FIs and Insurance Companies in Public Sector and Govt. of India
- \* Role : Promotion, financing, development of MSMEs.
  - Indirect Finance :
    - Through Banks, NBFCs, MFIs, SFCs – to enlarge outreach.
  - Direct Finance :
    - With focus on NICHE AREAS not supported by banks
  - INSTITUTION BUILDER AND MARKET MAKER – meeting all requirements of MSMEs
    - Credit Guarantee, Venture Capital, Credit Rating, Technology Transfer and also Asset Reconstruction

# SIDBI - Apex institution for MSME in India

## Credit Plus approach and Institutional Initiatives



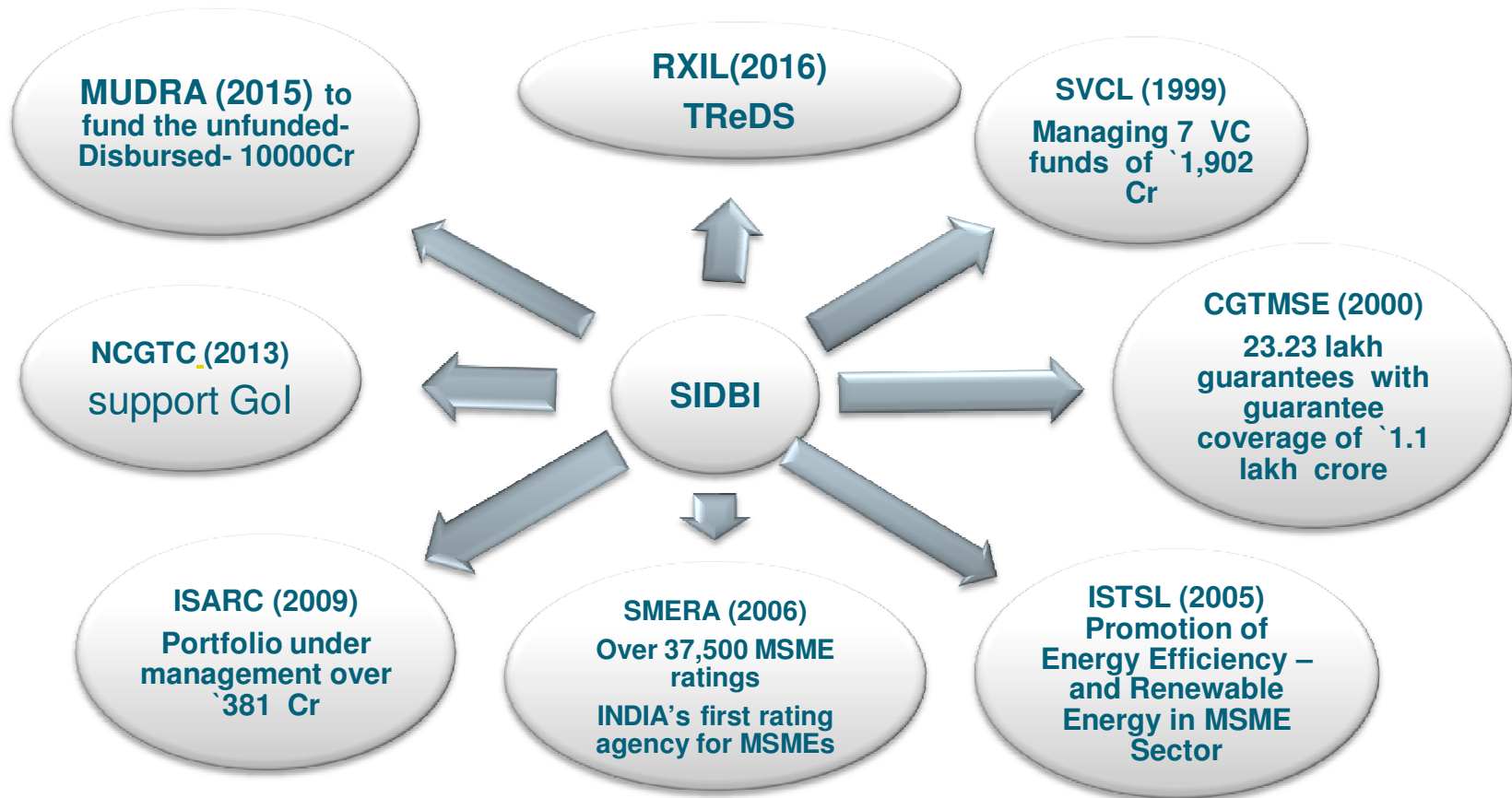
## SIDBI-A small profile

- 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.

# 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.

# SIDBI Credit Plus Approach



## 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

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## 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



## Initiatives taken by SIDBI - Gaps in MSME Ecosystem contd.

<b>Gaps</b>		
<b>Technology Constraints</b>	<b>Partnership with Multilateral Financial Institutions</b>	<u><b>Sustainable Finance Scheme</b></u>  <b>Lines of Credit (JICA, World Bank and KfW etc.)</b>

## SPEED

### SIDBI- Loan for Purchase of Equipment for Enterprise Development

#### Target Customers

- Those who seek finance for purchase of machinery from OEMs
- MSME Status as per MSMED Act

#### Key Attractions

- 100% finance based on 25% FD (interest bearing)
- No Promoters' contribution

#### Coverage

- Machines purchased from identified OEMs
- Expanding in same line of business
- Second hand/ refurbished machines are not eligible

#### Eligibility

- New to SIDBI : Up to Rs.1 Cr
- Existing customers: Up to Rs.2 Cr
- 3 years vintage
- 2 years cash profits/stable sales
- No operating losses
- Greenfield allowed with co-borrower



#### Application

- One-Page Application
- Standard KYC checks and due diligence
- Simplified scoring model

#### Quick Sanction

- Quick turnaround time
- Accessories required for efficient production would be included

#### Other Aspects

- Repayment period up to 5 years including moratorium of 6 months.
- RoI – 9.25%-10% p.a. as per internal rating
- Leased premises – Right to access required

#### Quick Disbursement

- Short set of loan documents
- Disbursement within a week's time from submission of complete information
- Direct payment to OEM



We empower MSMEs

## SMILE

SIDBI Make in India Soft Loan Fund for Micro, Small and Medium Enterprises (SMILE)

### Target Customers

- An Initiative of SIDBI to help MSMEs spearhead the "Make in India" program
- Identified 25 Make in India MSME Sectors

### Key Attractions

- Concessional rate of interest
- Lower Promoters' contribution
- Longer repayment & moratorium period

### Objective

- Term Loan & Soft Loan (in the form of quasi equity)
- Soft Loan – 10% of project cost (maximum up to Rs. 20 lakh/ Rs.30 lakh for women entrepreneurs/ SC/ST)

### Eligibility

- New and existing enterprises in Manufacturing & Service sectors
- MSME Status as per MSMED Act
- RoI- Fixed in nature in the range of 8.30% to 9.50% (depends on Internal rating & tenure)



### Eligible Expenditure

- Investment in Plant & Machinery
- Miscellaneous Fixed assets
- Need based civil construction for installation of machinery
- Loan amount – Based on requirement.

### Identified 25 Sectors

Automobiles	IT and BPM	Space	Construction	Pharmaceuticals
Aviation	Media and entertainment	Thermal Power	Electrical machinery	Railways
Chemicals	Oil and Gas	Wellness	Food Processing	Roads and Highways
Defence Manufacturing	Ports	Automobile Components	Leather	Textile and Garments
Electronic systems	Renewable Energy	Biotechnology	Mining	Tourism and Hospitality

- Quick Disbursement
- Quick turnaround time
- Repayment period 5 to 7 years in general

Apply Online using this link <https://onlineloanappl.sidbi.in/>



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# 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>

## Equipment Finance under SMILE

➤ **Eligibility :**

- MSME entities should be in existence for atleast 3 years.
- Should have satisfactory financial position & operating Profit in the last 3 years as per audited accounts. Drop in sales turnover, if any, should not exceed 10% year-on-year in the last 2 years.
- The Capacity Increase in the Project by way of acquisition of P&M under the project should not be more than 25%.

➤ **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].

➤ **Tenure :** Max. 6 years including moratorium

➤ **PROMOTERS' CONTRIBUTION :** Minimum 20%

➤ **Quantum:** New borrower – Max. ` 1 crore and existing ` 3 crore.

## Small Loan Scheme

- **Objective :** To facilitate grant of incremental loans up to `25.00 Lakh towards building/machinery/MFAs.
- **Eligible Expenditure :**
  - Plant & Machinery
  - Equipment's/ ancillary equipment's/ balancing equipment, etc.
  - MFA like DG set, transformer, electric panel etc.
  - Purchase of land generally not permitted. However, need based expenditure in civil construction may be allowed.
- **Quantum of assistance :**
  - Minimum Amount: `1.00 Lakh
  - Maximum Amount: `25.00 Lakh

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<b>STEP 1 REGISTER ON <a href="http://WWW.PSBLOANSIN59MINUTES.COM">WWW.PSBLOANSIN59MINUTES.COM</a></b>	<b>STEP 2 REQUIRED DETAILS</b>
	CGTMSE CGT User-Id & Password   Income Tax Return E-Filing Login & Password   Historical Bank Statements Upload or Use Net Banking
<b>STEP 3 CUSTOMER DATA FILL</b>	CGT Details   ITR Details   Bank Statement
<b>STEP 4 BACK-END CHECKS</b>	Multiple Fraud Checks   Experian   Bureau Checks
<b>STEP 5 AUTO SCORE &amp; CHECK</b>	<b>STEP 6 APPROVAL LETTER</b>
MSME Scoring   Product Policy Check   AUTO Approval	Principle Loan Approval

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301, Optima Building, Off C.G. Road, Ahmedabad 380009



We empower MSMEs

# Contactless Loans to MSMEs

Strategic initiative of SIDBI led **PSB** consortium incubated under the aegis of Department of Financial Services (DFS), Ministry of Finance



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- 1. Stakeholders - SIDBI and 5 PSBs – State Bank of India, Bank of Baroda, Punjab National Bank, Indian Bank and Vijaya Bank
- In principle approval for Collateral free loans (both term loan and working capital for existing units as of now) under CGTMSE upto Rs.1 crore within 59 minutes from any of the above FI/Banks as per eligibility
- One time registration by the borrower in the portal using OTP
- Thereafter log in is possible with the email id used for registration and the password given

# Documents or information required

- GST Identification Number (GSTIN), GST User-ID & Password
- Income Tax E Filing password & Date of Incorporation/ Birth OR ITR for latest 3 years in XML format
- Current A/c - Net Banking: Username & Password or Bank Statement for last 6 months in PDF format
- Convenience fee Rs.1000 + GST on In-Principle approval. No Hidden Charges.



# Receivable Finance

## >>>TReDS

- ❖ SIDBI – Pioneered the product
  - MSMEs (particularly Ancillaries) face cash flow problems due to delayed sales realization and collections from large corporate buyers
  - Scheme enables MSMEs get payment immediately at competitive rate based on the credit profile of the corporate buyers.
  - More than 22000 MSMEs registered / Cumulative disbursements more than Rs. 1 lakh crore.
- ❖ SIDBI – set up NTREES platform
  - [Trade Receivables Engine for E discounting –Prefix N for NSE and suffix S for SIDBI] Set up based on ‘Nafin’, Mexico model
  - Reverse factoring Technology platform with multiple banking
  - 15 corporates initially with >200 MSMEs on the platform

**Propose to upgrade the model to suit the requirements of TReDS with multiple bankers participation**



- **Small Industries Development Bank of India (SIDBI) and The Economic Times have joined hands to bring the second edition of SIDBI-ET India MSE Awards**, a platform created to recognize and reward performers in both the micro and small enterprise categories for some outstanding achievements in the manufacturing and services sector.
- The awards will be a **celebration of contributions of those MSEs who have contributed to the 'Make in India' initiative** and can be an inspiration to millions of other enterprises across the country. CRISIL has joined us as the knowledge partner for these awards.
- The Awardee MSE in each of the categories shall be eligible for the following:
  - **Mentorship by leading business personalities**
  - **Capacity building at premier Institutes & many others**
- **APPLICATIONS WELCOME IN FOUR CATEGORIES**
  - Micro Enterprises - Manufacturing (<Rs. 10 CRORE Turnover)
  - Micro Enterprises - Services (Rs. 10 - 25 CRORE Turnover)
  - Small Enterprises - Manufacturing (<Rs. 10 CRORE Turnover)
  - Small Enterprises - Services (Rs. 10 - 25 CRORE Turnover)
- **AWARDS IN EACH CATEGORY**
  - Best MSE Exporter
  - Most Tech Savvy MSE
  - Women MSE Achiever
  - Most Innovative Entrepreneur
  - Best Employment Generating MSE

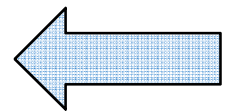
# Launch of MUDRA Ltd

- MUDRA Ltd launched on 08 April 2015 and commenced its operations at its Corporate office at Mumbai
- SIDBI has invested ₹750 Cr equity up to March 31 2016, thereafter during FY 2017 invested equity of ₹1,000 crore. 97 Officers located in different SIDBI Regional Office/Branch Office identified as MUDRA Nodal Officers to act as 'first point of contact.
- MUDRA website ([www.mudra.org.in](http://www.mudra.org.in)) with PMMY disbursement data upload facility in place.
- Allocation of Rs.20,000 Cr as corpus fund for refinance made by RBI in May 2015
- An amount of Rs.15,000 cr received in various tranches out of allocation.
- Extended refinance support of over Rs.15000 crore during last three years

➤ NEXT >>>

# Standup Mitra Portal

- Hon'ble Prime Minister in his Independence Day speech on August 15, 2015 announced a major initiative "Start Up India and Stand Up India" programme.
- The Stand Up India component of the initiative is intended to fund through loans, at least one business enterprise each per bank branch started by an SC/ST and a women entrepreneur.
- The Scheme was formally launched on April 5, 2016 by Hon'ble PM.
- It is being implemented through banks in India.



## Stand up Mitra Portal

- The Standup India web portal addresses the need to bring the Micro and Small Enterprises closure to Institutional Credit.
- The Platform enables a MSME loan application to apply for loans of upto Rs.200 lakh (assistance under Mudra upto `10 lakh and under Standup India scheme for `10 lakh and above as per eligibility).
- The platform acts as a single window for application filing and tracking as well as provides the facility for choice of branches/banks for credit assistance. The portal tracks individual applications and also facilitates the overall handholding process.

# SIDBI – Promotion & Development

Scheme	Outcome
MEPP (erstwhile RIP)	About 41,500 enterprises set up, employment generated for more than 1.10 lakh persons.
EDP	About 78,000 persons trained [success rate of about 50% as per earlier evaluation].
SIMAP/STUP	About 41,750 participants benefited out of STUP (1563 prog) and SIMAP (301 prog).
CDP	Intervention done in about 90 clusters so far. About 12,000 artisans/entrepreneurs benefited.
Marketing	About 1,10,000 enterprises benefited.
Others (development loan, MVN, etc.)	About 34,000 entrepreneurs / enterprises benefited





## P&D Activities of SIDBI

- SIDBI adopts 'credit plus' approach by providing various promotion & development activities.
- Special focus on NER / Underserved areas / Persons belonging to under-privileged sections.
- Activities are broadly classified into :-
  - i. Enterprise Promotion and Business Facilitation
  - ii. Skill Development
  - iii. Mentoring, Policy Advocacy and Outreach for SIDBI
  - iv. Other Activities

# Government sponsored subsidy Schemes

- Presently, SIDBI is one of the Nodal Agencies implementing the five subsidy schemes launched by various Ministries of GOI. Brief details are :
  1. CLCSS - Credit Linked Capital Subsidy Scheme for MSEs by Ministry of MSME
  2. TUFS - Technology Upgradation Fund Scheme for Textile units by Ministry of Textile.
  3. IDLSS - Integrated Development of Leather Sector Scheme for leather sector units by Department of Industrial Policy & Promotion & Policy under the aegis of Ministry of Commerce and Industry.
  4. FPTUFS - Scheme of Technology Upgradation /Setting up/ Modernisation /Expansion of Food Processing Industries [FPTUFS] by Ministry of Food Processing Industries.
  5. TEQUP - Technology and Quality Upgradation Programme to MSME by Ministry of MSME

**Thank You**