



## **Financial Clinic for MSMEs**

### **Facilitating Businesses for Sustainability**

*Mumbai / Bengaluru / Kolkata / Hyderabad*

#### **Introduction:**

Micro Small and Medium Enterprises (MSMEs) are engines of growth and employment generation in the country. The recent MSME amendment bill 2015 is enhancing the limits for MSMEs. The sector has always discussed problems arising due to scarcity of capital.

There is a constant debate in respect of the parameters investors and lenders should apply in funding SME businesses and about the practices which they can use to mitigate risk. The risk evaluation and mitigation issues are more complex in the case of funding start-up ventures. The top key inherent risk factors in the SME segment can be classified broadly into three: The Entrepreneur, The Business Model and The implementation of the business model and management of business.

#### **Bank credit to MSMEs is Rs 7.9 trillion**

Total bank credit to MSME sector stood at Rs 833 billion in FY 2005 and has grown at a compounded average growth rate of 25 per cent plus to Rs. 7.9 trillion in 2014. Though there has been huge demand of finance from this sector, there is specific pattern can be noticed among banks to provide finance to this sector such as Foreign Banks have been reluctant lenders with lowest growth in their loan book, Private Sector Banks' loan book is growing at a CAGR of 36 per cent plus, and even Public Sector Banks have posted a growth that in line with overall growth in loan book of banking sector.

#### **Banks' lending only against collateral**

Nearly all banks prefer to lend to MSMEs only against collateral. Current trend is that majority of lending to MSME sector is against property mortgaged by promoters or owners or partners of MSME unit to the bank. A significantly large chunk of MSME loans between Rs. 30 million to Rs 150 million are actually nothing but Loan Against Property (LAP). This trend is actually because of the risk framework adopted by Banks to build secured loan book which leads them to lend only against collateral. Collateral can be either property / gold or Bank FDs. Despite the decent growth there is still huge lending gap for this sector.

## **MSMEs face a finance gap of Rs 32.5 trillion**

MSME sector is still under capitalised and badly in need for capital infusion. According to International Finance Corporation (IFC), MSME sector faces a severe capital shortage of Rs 32.5 trillion. Out of this, debt shortfall is Rs 26 trillion. This is the shortfall that organised financial sector will have to provide to MSMEs to ensure that MSMEs are properly capitalised and can continue to grow.

## **Challenge remains for everyone**

For the banks, the challenge is to reach MSME segment and for small business owners to access finance. The key products through which banks lend to MSME is working capital finance (in form receivable discounting and / or basis trade assets), loan vehicle / equipment purchase, project finance, and long term finance. The challenges faced by MSME in accessing finance is lack of comprehensive formal documentation relating to accounts, income and business transactions. Therefore they end up accessing finance mostly through mortgage of property whereby banks comparatively, rely more on the security given than the understanding of the business and the strength of it in terms of cash flow. In this scenario, the majority of MSMEs with absence of collateral find it difficult to access credit through formal sources.

ASSOCHAM firmly believes that if MSMEs are provided with ample finance facilities their performance in terms of productivity will further grow and they will be able to perform as per their capability. Today SMEs have more options to get the finance including Banks, Stock Exchanges, Private Equity, Venture Capitalists and many more. In addition, Credit Rating Agencies can play an important role for SMEs to avail the capital or working capital at a lower cost. Rating helps an enterprise to represent its potential to the financial institutions.

To address the financial issues of MSMEs, ASSOCHAM is organizing “Financial Clinic for MSMEs – Facilitating Businesses for Sustainability” in Mumbai, Bengaluru, Kolkata and Hyderabad.

## **Objective**

- To provide a platform where financial institutions and entrepreneurs could meet to discuss the financial issues.
- To ensure sustainable financing to MSME sector including Start-Ups.
- To identify financing solutions to innovative business models
- To create awareness about MSME Rating

- To identify areas of development and new business opportunities in MSME sector
- To provide the sector the much needed infrastructure and monetary assistance for augmenting their competitiveness.
- To showcase various schemes and policies being offered by various institutions to Small Businesses

## **Let's Discuss**

- Receivable Financing
- Trade Receivable Discounting System
- Cash-Flow Management – A Need
- CGTMSE – Mere a Scheme?
- MSME Amendment Bill – 2015
- Collateral Free Loans – Reality Check
- Rehabilitation of Sick Units
- Ease of Doing Business – MSMEs perspective
- Universal Online Portal for MSME Loans
- E-Commerce & MSMEs

## **Participants**

- Financial Institutions and Banks
- NBFCs
- Stock Exchanges
- Credit Rating Agencies
- Factoring Agencies & Invoice Brokers
- Technology Providers
- Logistics Providers
- Manufacturing Units
- Service Providing Units
- Exporters & Importers
- Private Equity Firms & Venture
- Textile & Fashion Units
- Food Processing Units
- Real Estate Agents
- R&D Organizations
- Insurance Companies
- Consultancy Organizations
- Asset and Fund Management Companies
- Exporters & Importers
- Industrial Clusters

## Sponsorship Opportunities

This is just the right platform for you to showcase your offerings to a large group of entrepreneurs, Start-Ups, bankers, professionals, technicians and decision makers in the entire ecosystem.

Your branding at the Seminar will leave an everlasting impression in the minds of all your business associates and peers. Sponsorship at this gala event would provide you the desired exposure & mileage.

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## **Participation Fee**

₹ 2,000 per delegate on Non Residential Basis

**Limited Seats :: Pre-registration Required :: Register Now !!!**

For Participation & Partnership Opportunities Please Contact

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