

Sidbi to mentor budding small entrepreneurs



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To boost entrepreneurship and provide working capital to micro, small and medium enterprises (MSME), the Small Industries Development Bank of India (Sidbi) has reoriented its business model.

The refinance agency has identified gaps in MSME funding, both structural and procedural, and charted a roadmap for handholding budding entrepreneurs.

It will set up credit facilitation centres (CFCs) across India in collaboration with industrial associations. These will be one-stop shops for entrepreneurs wanting to set up new MSMEs.

They will help entrepreneurs in business ideation, preparation of detailed project reports, counselling, information about financing

options, government regulations and approvals.

"All these services will be provided for free. Some centres are already functional, and by end July we plan to up this number to 100," Sidbi chairman and managing director Sushil Muhnot said in Lucknow after the Bank's 14th annual general meeting.

Besides, Sidbi will appoint professional certified MSME consultants to prepare project reports of the proposed ventures for a nominal fee. All investment grade projects will be referred to commercial banks for financing.

The CFCs will also help in restructuring ailing units and providing syndication services.

Another large MSME fund-

ing gap that Sidbi has identified is lack of short-term funding, mainly working capital.

"District cooperative banks and regional rural

banks mainly provide agricultural loans and lack the capacity to finance MSMEs. There is a scarcity of funding options for loan demands between ₹50,000 and ₹10 lakh. This is the area where Sidbi will be more active," he added.

Sidbi will also help MSMEs in securing sustainable and energy-efficient equipment.

Though the services sector now accounts for 62-65 per cent of the country's gross domestic product, commercial banks are more attuned to financing industrial ventures. "Sidbi will be launch-

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ing services financing schemes encompassing logistics, marketing chains, etc," Muhnot said.

Meanwhile, Sidbi is seeking a Reserve Bank of India licence for the SME Rating Agency of India (SMERA), which has already secured the approval of the Securities and Exchange Board of India (Sebi).

"A RBI licence would facilitate bank financing for MSMEs using the SMERA platform. Sebi approval had only facilitated financing through issuance of bonds," he added.

Sidbi has set up a ₹5,000 crore India Opportunity Venture Fund to help provide equity and risk capital to the MSMEs.

At present, the venture capital/seed capital portfolio stands at around ₹700 crore and the bank is targeting 50 per cent growth this year.