



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

August 07, 2015

Strong Business Case for MSME Lending: RBI DG tells Bankers

Lending to MSMEs makes a strong business case for the banks in view of the changing dynamics in the economy like demographic patterns, urbanisation trends, increasing thrust on industrialisation, addition of new customers under financial inclusion programme and growing levels of literacy. This was stated by Shri S S Mundra, Deputy Governor, Reserve Bank of India while launching the National Mission for Capacity Building of Bankers for financing MSME Sector in College of Agricultural Banking, Pune today.

The Deputy Governor urged banks to be sensitive towards the lifecycle needs of their MSME clients and develop innovative products that are suitable to their unique and seasonal requirements for working capital and for capital expenditure purposes. Pointing out at the various initiatives taken by the Reserve Bank and the Government of India like Trade Receivables Discounting System (TReDS) and rehabilitation of sick SMSMEs the Deputy Governor hoped that these will go a long way in supporting and nurturing the sector.

“A paradigm shift in financing of Micro, small and Medium Enterprises (MSMEs) will also happen as and when new Small Finance banks are licensed. These will make the financing of MSMEs more competitive in the coming days. Banks will be able to face this competition only if they are more sensitive to the needs of the small entrepreneurs,” he added.

Shri Mundra also released a training kit designed and developed by College of Agricultural Banking which is targeted at (i) managers of bank branches specialised in financing MSME and (ii) trainers of banks' training institutions/colleges/learning centres.

The national seminar organised by the Reserve Bank's College of Agricultural Banking was attended by 31 banks from public, private and foreign banks.

The Reserve Bank has launched a national capacity building programme to sensitise and upskill bank officials dealing with MSME financing. Called the National Mission for Capacity Building of Bankers for financing MSME Sector (NAMCABS), the broad objectives of this programme are to develop skills for MSME lending and to develop entrepreneurial sensitivity among the field level functionaries of specialised MSME branches of commercial banks. With the Reserve Bank's College of Agricultural Banking (CAB) mandated to be the nodal institution to coordinate the efforts made in the banking system, the mission will be executed in four legs:

1. Training for vertical heads of MSME divisions in commercial banks - to be conducted by College of Agricultural Banking;

2. Training for trainers of regional training centres of commercial banks - to be conducted by College of Agricultural Banking;
3. Capacity building for branch managers of specialised MSME branches - to be conducted by Regional Offices of the Reserve Bank; and
4. Capacity building of staff of the specialised MSME branches - to be conducted by the regional training centres of commercial banks.

Over 4500 officials dealing directly with MSME lending are expected to be trained through this initiative in one year.

Background

Micro, Small and Medium Enterprises (MSME) contribute nearly 8 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the exports. They provide the largest share of employment after agriculture. The MSMEs develop a diverse range of products and services to meet the needs of the local markets, the global market and the national and international value chains. There are 467.56 lakh enterprises in the MSME Sector providing employment opportunities to 1061.52 lakh people across the country.

Focus on programmes, such as, Make in India, Skill India and Digital India and initiatives such as revising the definition of MSMEs, providing framework for rehabilitation of MSMEs and introducing the Trade Receivables Discounting System to solve the problem of delayed payments, clearly indicate significance attached by the Government and the Reserve Bank to this sector.

Close to three lakh banking personnel have come into the system over the past six years, who probably have very limited exposure to MSMEs. It is essential to catalyse and skill this large number of newly recruited youngsters who are part of the team lending to MSME sector. The Reserve Bank's initiative in national skill building in lending to MSMEs comes against this background.

Press Release : 2015-2016/337

Alpana Killawala
Principal Chief General Manager