

34th Asian Bankers Association Policy Advocacy Committee Meeting

Promoting inclusive MSME Growth

16th - 17th November 2017

State Bank of India at a Glance

Largest Bank in India with an Asset Size of Rs. 33 trillion

Joined the league of top 50 Global Banks(Asset Base); Among Fortune Global 500 companies

Vast network of more than 24,000 branches in India; 420 million customer base

Global presence with 198 branches in 37 Countries

Market share of 22% in deposits and advances in India

Largest employment provider among Banking Industry

Leadership position in Merchant Payment Business with over 1 mn touch points



Awards and Accolades

Bank of the Year (Public Sector) award by Business Today (Money Today)

Best Bank Award for Use of technology for financial inclusion among large Banks

Best Trade Finance Bank by Global Finance Magazine

Golden Peacock Award for Excellence In Corporate Governance

The Asian Banker Award for Best Transaction Bank in India

Helen Keller Award 2016 for the second successive year for commitment towards promoting equal employment opportunities for Differently abled Persons

MSME Sector in India

- Strength of 36 million MSME Enterprises
- Contributes to 8% of GDP
- Contributes to 45 % of manufacturing output, 40% of exports
- Provides employment to 40% of our workforce
- Govt's plans for scaling up growth in this sector through Make In India and Digital India initiatives
- Dedicated Central Govt. Ministry to take care of MSME development
- To enable the MSMEs to enhance their competitive strength, address the challenges and avail the benefits of global market, Govt. introduced its first ever legal framework for MSMEs in 2006 viz MSMED Act 2006



MSMEs are recognized as such based on Investment in Plant, Machinery & Equipment as under:

Description	Manufacturing	Services
	Investment in Plant & Machinery	Investment in Equipment
Micro Enterprises	Up to Rs. 2.5 mn	Up to Rs. 1 mn
Small Enterprises	Above Rs. 2.5 mn & up to Rs. 50 mn	Above Rs. 1 mn & upto Rs. 20 mn
Medium Enterprises	Above Rs. 50 mn & up to Rs. 100 mn	Above Rs. 20 mn & upto Rs. 50 mn

Various Govt's schemes for MSMEs

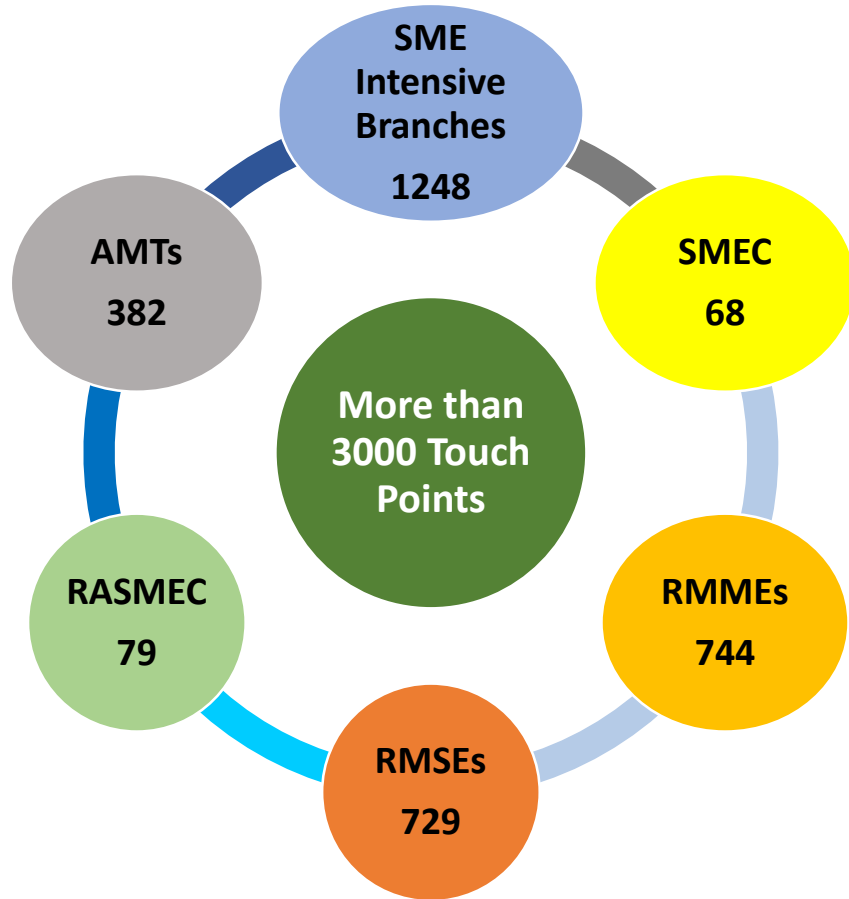
- For inclusive MSME growth, Govt. of India initiated **Credit Guarantee Trust Scheme** to instill confidence in Banks for lending to Micro and Small Enterprises
- To support the bottom pyramid of the MSMEs, Govt. introduced **PMMY** scheme with Credit Guarantee for inclusive growth
- **Stand Up India** scheme was introduced for inclusive growth among women and socio economic backward classes to encourage entrepreneurship
- Various Govt. sponsored scheme like PMEGP, NULM, NRLM where Banks are participating for inclusive growth
- Govt. is subsidizing for **Technology Upgradation** of MSME units through various Banks

SBI for MSME

- SBI has the largest exposure to MSMEs in India with total exposure of Rs. 1500 bn.
- We introduced the Relationship concept in 2004 for Small and Medium Enterprises to extend relationship concept to SMEs having exposure of Rs. 5 mn and above with the Bank
- For Micro Enterprises units with exposure less than Rs. 5 mn, centralized SME processing cells have been created with dedicated Asset Management Teams
- We have customized product offerings with more than 50 products catering to various MSMEs in different segments
- We have entered tie-ups with more than 270 Industry Majors to fund MSME units in Supply Chain Finance on electronic platform. 24000 dealers/vendors onboarded
- We have tie-up with e-Commerce players like Flipkart, Amazon, Paytm etc for financing MSMEs registered with them
- We are undertaking Cluster studies and providing structured solutions to care of the MSMEs in Clusters
- To cater to Food and Agro based Processing Industry, we have dedicated products like Dall Mill/ cotton ginning along with Warehouse Financing
- Bank conducts workshops to create awareness of Bank's products and Govt. reforms (like GST) at district headquarters apart from sponsorship of MSME exhibitions for display of products and services.

SBI for MSME: We Touch Lives

MSME Touch Points



- Lead Management System
- Sales Channel Management

MSME Products



- Regular review of products as per industry needs
- Product/Process Innovation
- Customized products suited for specific activity

SBI's role in promoting inclusive MSME Growth

- Simplified the process for appraisal and sanction of loans for improved Turn Around Time
- Shift from traditional balance sheet funding to cash flow based lending
- Online discounting of receivables of MSMEs through Trade Receivables Discounting System (TReDS) platform
- Higher Working Capital limits for units in MSE segment & units dealing in digital transactions
- Leader in promoting Govt's various schemes like Pradhan Mantri Mudra Yojana (PMMY); Stand Up India India
- Partnering in Entrepreneur Development Initiatives and skill development of rural entrepreneurs through more than 150 R-SETI (Rural Self Employment Training Institutes)
- New technology products (e-Commerce, Taxi Aggregators) developed for MSMEs as per digital initiatives

SBI Leading the way in promoting inclusive MSME Growth

Supply Chain Finance

- Providing smooth finance on electronic platform to Dealers and Vendor of Industry Majors
- Partnership with 270+ Industry Majors
- **Exposure of Rs. 300 bn to 24,000 dealers/vendors**

Pradhan Mantri Mudra Yojana (MUDRA)

- Ease of financing for loans upto Rs. 1 mn to MSMEs
- Simplified assessment
- **Exposure of Rs. 139 bn to 6,13,953 units**

Stand Up India

- Liberal scheme to encourage Entrepreneurship, Women & socially backward communities
- Collateral free loans upto Rs. 10 mn
- **Exposure of Rs. 10 bn to 4405 units**

Credit Guarantee Scheme

- Coverage of eligible loans upto Rs. 20 mn
- Nil Collateral
- **Coverage of 2,03,000 units with exposure of Rs. 90 bn**

Future Banking Growth Outlook & Business Sustainability

- Promotion of digital platforms and leveraging existing Govt. Schemes and platforms
- Cluster based lending approach to well-defined and recognised sectors
- Introduction of GST brought more formalisation throwing more opportunities for MSME lending
- Tie-up with NBFs/ MFIs/ Local Bodies to maximize the reach of easy finance to Micro units
- Leveraging new opportunities like Ecosystem Financing
- Renewed focus on export finance and forex turnover
- Improvement in market sentiments on account of recapitalization



THANK YOU