

Fueling MSMEs,
Building Nation.



WORKING REPORT 2022



Fueling MSMEs, **Building Nation.**

Small Industries Development Bank of India (SIDBI), was established under an Act of Parliament in 1990. SIDBI is the Principal Financial Institution engaged in Promotion, Financing & Development of the Micro, Small and Medium Enterprises (MSME) sector, and in coordinating the functions of various Institutions engaged in similar activities.

COVID-19 pandemic has affected the supply chains and operations of countless MSMEs across the globe including India, on multiple occasions. Both the Government and the RBI introduced number of initiatives to improve the liquidity in the system, access to finance to affected segments of the economy and promote growth during these challenging times.

The operations of the Bank, during FY 2022, were in line with the aim of Government and focused on revitalising the MSME sector. Various initiatives and schemes of the Bank were aligned both on the financial and promotion & development fronts to enable MSMEs to first survive, then revive and now rise to capture the next wave of growth.

Despite being a pandemic-disrupted year, the Bank has maintained its leadership position and delivered growth in majority of key financial parameters. The Bank has achieved another milestone with the outstanding business portfolio of the Bank first time crossing the Rupees 2 Trillion mark during FY 2022, thereby registering a growth of 29% over FY 2021. The Asset Base of the Bank stood at ₹2,47,379 crore as on March 31, 2022 with Y-o-Y growth of 29%.

As the world adapts to 'new normal', SIDBI shall continue its efforts to empower the MSME sector, so vital for a resilient economy, through innovative interventions both at product & process levels thereby making MSMEs 'Future Champions'.

INTRODUCTION

The MSME financing agenda of the Bank is discharged through the following interventions:

FINANCING

01

Direct Lending: Financial assistance is extended to MSMEs directly through SIDBI branch network through demonstrative lending products to fill existing credit gaps, which could be further scaled up by banking eco-system.

02

Indirect Lending: Financial assistance is extended to Banks, NBFCs, New Age Fintech, SFBs and MFIs, which creates a multiplier effect and increases the flow of credit to MSMEs including underserved / unserved MSMEs.

03

Micro lending – PRAYAAS: To effectively and efficiently serve entrepreneurs, through partnerships, at the bottom of the pyramid, especially women and poor.

04

Fund of Funds: Equity assistance to Startups - To boost the entrepreneurial spirit, equity support is extended to Startups through Alternate Investment Funds (AIFs) under Fund of Funds being operated by SIDBI on behalf of Government.

05

Infrastructure Development: To promote cluster development, SIDBI Cluster Development Fund (SCDF) with corpus of ₹6,990 crore has been setup to provide low-cost funding to State Governments for Infrastructure Development in MSME Clusters.

06

Green Financing: New initiatives are being taken for extending assistance to projects in the field of clean energy, climate change, Electrical Vehicle, Energy Efficiency, etc. under Green Financing.

PROMOTIONAL & DEVELOPMENTAL ROLE

All the initiatives under P&D have been woven around 'Mission Swavalamban', which is an umbrella framework for inducing entrepreneurship culture and supporting various livelihood and entrepreneurship programs.

COORDINATION AMONG STAKEHOLDERS

- The Bank is the Nodal Agency for implementing MSME oriented Schemes promoted by the Government. SIDBI has been chosen as the trusted agency by the Government of India for channelizing liquidity support and economic packages to the pandemic-hit MSME sector.
- Bank undertakes data-backed structural interventions to address information asymmetry in the MSME sector.
- Bank partners with stakeholders such as State Governments, Financial Intermediaries, NGOs, etc. for holistic development of the MSME sector.
- SIDBI has been focusing on enabling digital lending in order to improve access to credit to MSMEs by leveraging technology.



FOOTPRINT

The Bank's footprint at the end of FY22 included:

10 Regional Offices

82

Branch Offices
& Extended
Branch Office

3

SARBs
(Specialised
Asset Recovery
Branches)



6

ELSCs
(Express Loan
Service Centres)

Back-end and
policy support extended
by Head Office Verticals
stationed at Lucknow,
Mumbai and New Delhi

FINANCIAL PERFORMANCE

Business Groups	FY2021			FY2022			O/s Growth % YoY
	Sanction	Disb.	O/s	Sanction	Disb.	O/s	
Direct Credit	4746	4007	11581	6760	5673	14150	22%
Institutional Finance (Refinance) - Banks	81637	81637	131664	122781	122335	166832	27%
NBFC	7562	7802	11292	13178	12677	17935	59%
MFI	2717	2583	1672	4178	2893	3118	86%
Cluster Dev.	-	-	-	1038	180	180	-
Total	96662	96029	156209*	147935	143758	202215*	29%

*Excludes Receivable Finance & Bill Discounting outstanding of ₹24 crore in FY 2021 & ₹37 crore in FY2022 respectively.

Total sanctions of the Bank increased by 53% and disbursements increased by 50% in FY2022 over FY2021.

LOANS AND ADVANCES

Loans and Advances of the Bank crossed the landmark of ₹2 lakh crore and stood at ₹2,02,252 crore as of March 31, 2022, an increase of 29% over FY2021.

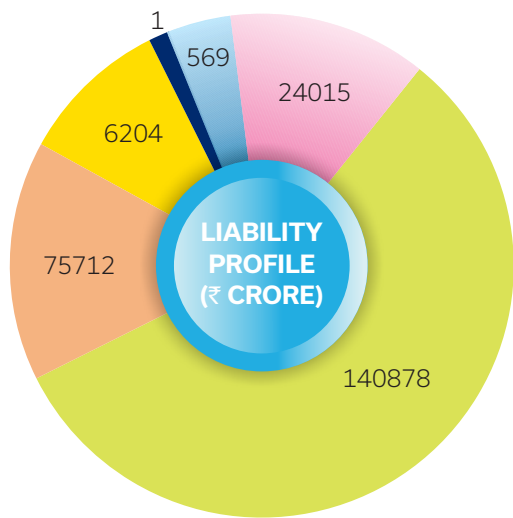
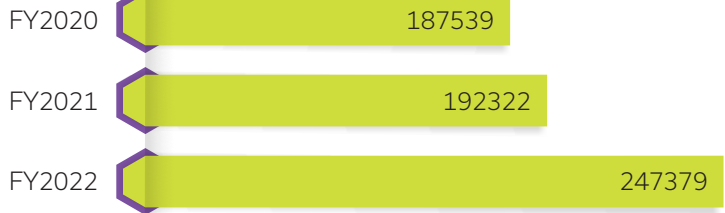
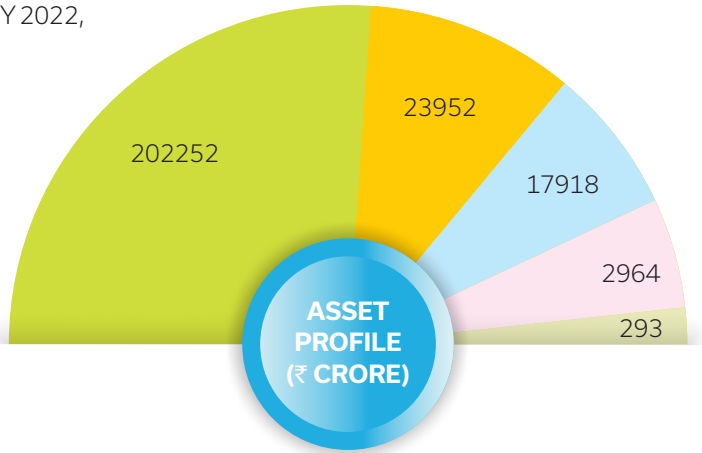
Loans & Advances (₹ crore)



ASSET PROFILE

The Asset Base of the Bank stood at ₹ 2,47,379 crore at the end of FY 2022, a Y-o-Y growth of 29%.

- Loans and Advances
- Investments
- Cash and Bank Balances
- Other Assets
- Fixed Assets



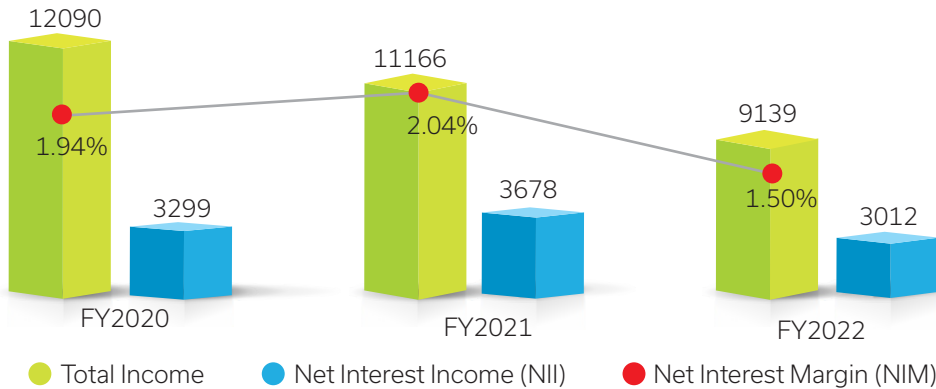
The resources raised/liabilities of the Bank had increased mainly on account of increase in Borrowings (deposits from banks under PSL shortfall, borrowings from RBI, market borrowings, etc.). Capital and Networth increased due to conversion of Tier I bonds into capital.

- Capital
- Reserves, Surplus and Funds
- Deposits (incl PSL shortfall)
- Borrowings
- Other Liabilities and Provisions
- Deferred Tax Liability

INCOME AND MARGINS

Total Income for FY 2022 stood at ₹9,139 crore, a decline of 18% as compared to FY 2021. Net Interest Income for FY 2022 also declined by 18% to ₹3,012 crore. The Net Interest Margin has declined by 54 bps in FY 2022 vis-à-vis FY 2021 and stood at 1.5%. Decline is in line with declining interest rate scenario and Bank's commitment to increase flow of credit to MSMEs at competitive rates.

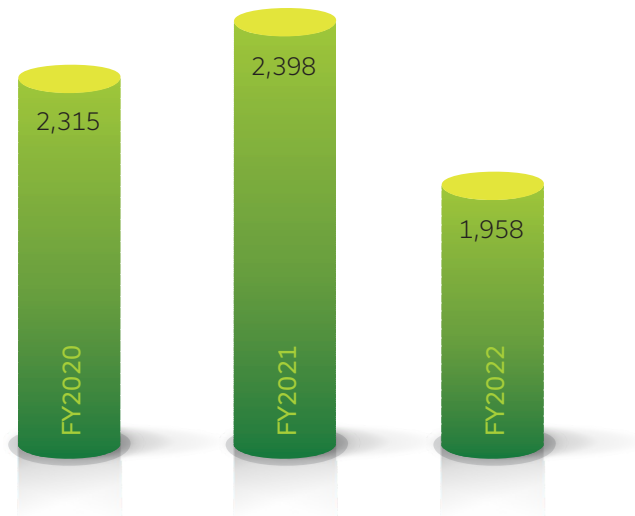
Income (₹ crore) & Margins



NET PROFIT

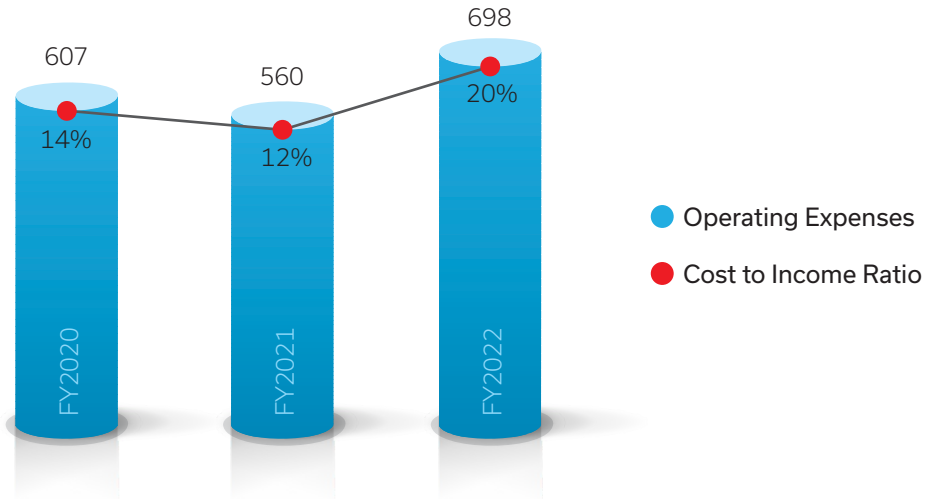
The Bank registered Net Profit of ₹1,958 crore during FY 2022, a decline of 18% as compared to FY 2021.

Net Profit (₹ crore)



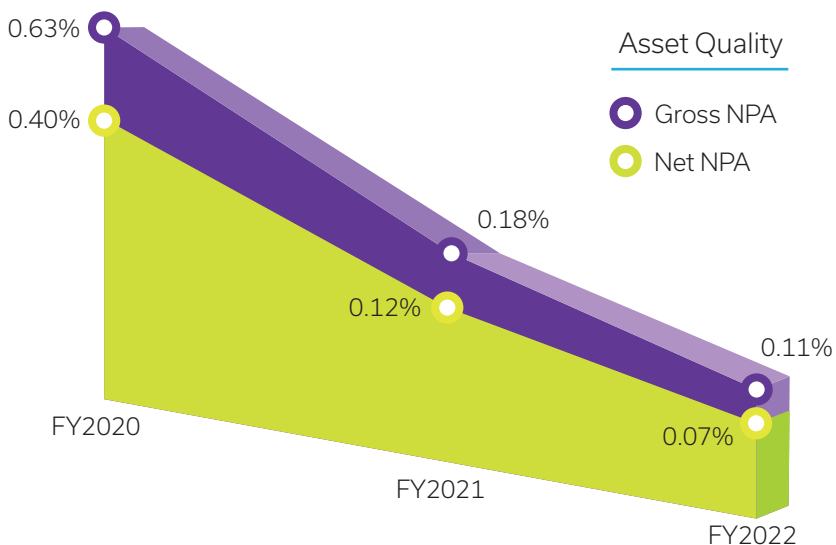
OPERATING EXPENSES & COST TO INCOME RATIO

Operating expense for FY 2022 was ₹698 crore, a Y-o-Y increase of 25% from FY 2021. The Cost-to-Income ratio increased to 20% during FY 2022.



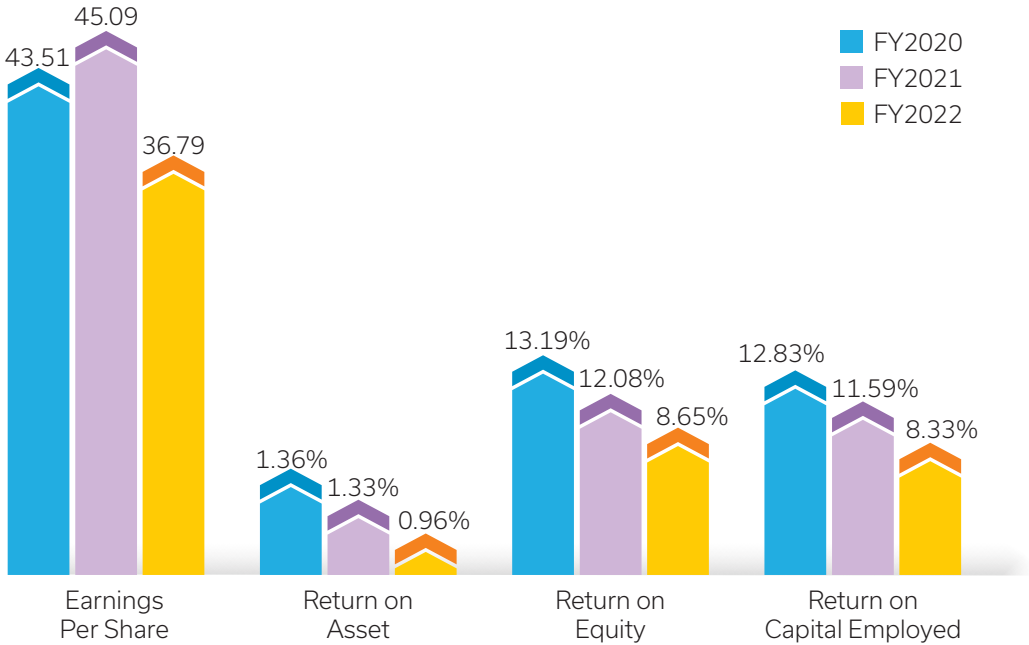
ASSET QUALITY METRICS

Gross NPA stood at 0.11% and Net NPA stood at 0.07% as on March 31, 2022, an improvement of 7 bps and 5 bps, respectively, as compared to FY 2021.



SHAREHOLDERS' RETURNS

Earnings per Share (EPS) stood at ₹36.79 in FY 2022 as against ₹45.09 in FY 2021.



OTHER KEY PARAMETERS



Provision Coverage Ratio (PCR) was at 96% at the end of FY 2022 as compared to 93% at the end of FY 2021.



Capital Adequacy Ratio was at 24.28% at the end of FY 2022 as compared to 27.49% at end of FY 2021.

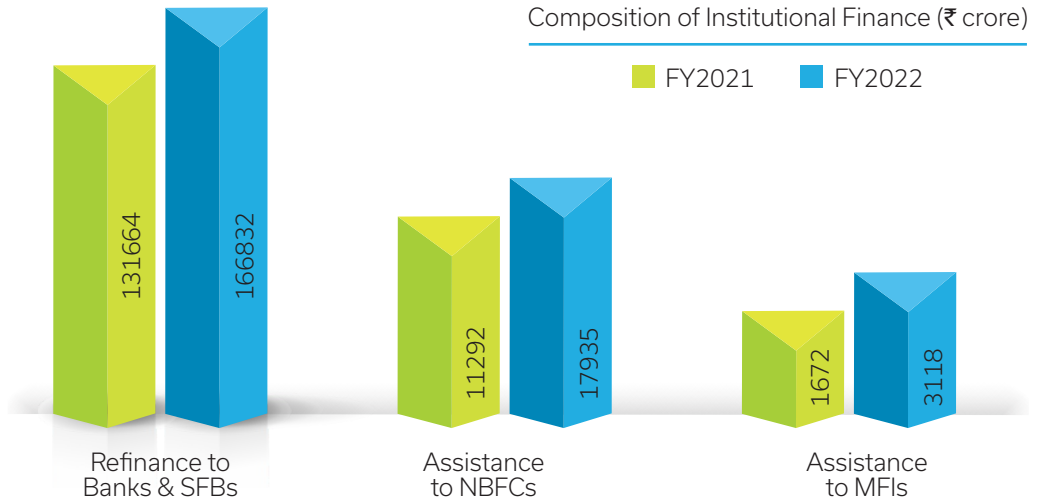


Business per employee increase to ₹205.54 crore in FY 2022 vis-à-vis ₹154.08 crore in FY 2021. Net Profit per employee stood at ₹1.99 crore during FY 2022.

BUSINESS PERFORMANCE

INSTITUTIONAL FINANCE

Institutional Finance accounts for approximately 93% of loans & advances of the Bank. Outstanding under Institutional Finance was at ₹1,87,885 crore at the end of FY 2022. The composition of Institutional Finance is as below:



Portfolio Composition of Institutional Finance



Refinance to Banks (incl SFB) & SFCs:

Through the refinance operations, Bank augments PLIs' resources to increase flow of credit to MSEs. Bank's Refinance outstanding stood at ₹1,66,832 crore as on March 31, 2022, registering Y-o-Y growth of 26.71%. Bank has 32 commercial banks and 10 SFBs as live customers as on March 31, 2022.

Cumulative disbursements under corpus allocated by RBI out of Priority Sector Lending shortfalls stood at ₹2,15,678.79 crore as on March 31, 2022 benefitting 33.34 lakh MSE end-borrowers of various banks.

Assistance to NBFCs:

The Bank's NBFC asset book stood at ₹17,935 crore in respect of 54 NBFCs.

Special Schemes launched in FY 2022:

- a. **Financing under RBI Special Liquidity Facility II** - NBFCs with a minimum rating of BBB - and above have been assisted to address the liquidity needs of the MSME sector affected by the COVID-19 pandemic.
- b. **Financing under RBI Special Liquidity Facility III** - To reach out to the smallest of the MSE enterprises, SIDBI launched Double Intermediation - 2021 Scheme (FARE-DI-2021) for NBFCs. The scheme envisages double intermediation through SIDBI providing resource support to Regulated Entities (REs) for on-lending to relatively smaller and unrated / low rated NBFCs/ MFIs engaged in financing ultimately targeted Micro and Small enterprises.

Co-lending with NBFCs: To reach out to the underserved/unserved MSMEs an MoU with one NBFC was signed and the operations are expected to commence in Q1 of FY 2023 in line with GoI/ RBI focus on deepening the priority sector lending.

Assistance to MFIs

The Bank through various interventions have enhanced the corporate governance and operational efficiency of the MFIs enabling smooth flow of adequate credit to the sector. The Bank had transformed the Microfinance sector of the country to a full-grown industry segment, culminating into several of the MFIs converting into Universal Bank / Small Finance Bank.

The cumulative assistance disbursed under SIDBI's microfinance initiatives upto March 31, 2022 aggregate to ₹23,460 crore benefitting around 4.83 crore poor clients. The outstanding micro finance portfolio of SIDBI stood at ₹3,118 crore as on March 31, 2022.

SPECIAL SCHEMES LAUNCHED DURING FY 2022

SIDBI MSME Covid Response Fund (SMCRF)

With total corpus size of ₹1000 crore was launched, which aims to provide funding to MSMEs / small businesses / micro finance borrowers through investment in debt instruments of financial institutions (FIs) such as NBFCs, Fin-Tech companies and MicroFinance companies.

Partial Guarantee Pool Loan Issuance Scheme

The Bank provides loan to well managed and performing multiple small and mid-sized NBFCs and MFIs, which is backed by a common partial guarantee provided by a third party / arranger. The scheme has directed end-use aimed at smoothening the liquidity challenges faced due to the Covid-19 pandemic by institutions and businesses catering to the financial needs of millions of under-served in India.

TIDING THE COVID WAVE - IMPACT CREATED BY SIDBI

The Reserve Bank of India extended Special Liquidity Facility to SIDBI of ₹46,000 crore in three tranches to support the funding requirements of Micro, Small and Medium Enterprises (MSMEs).



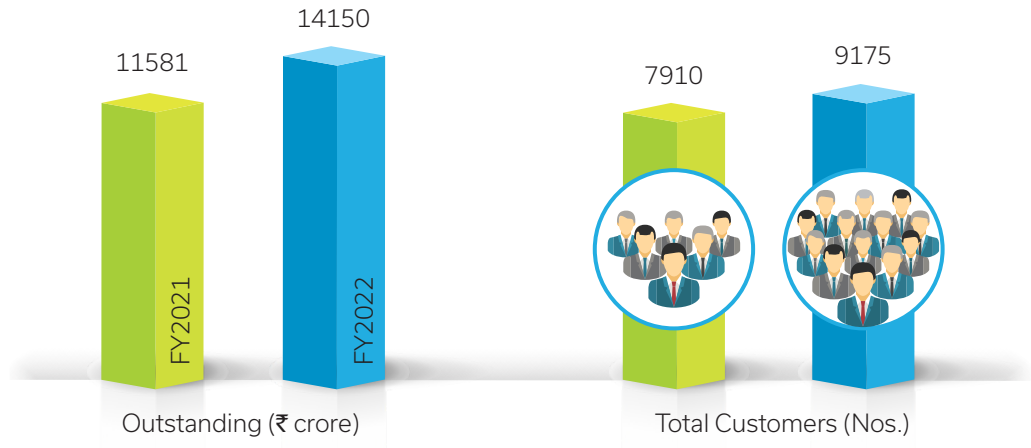
Under RBI: SLS-I of ₹15000 crore, SIDBI has disbursed ₹13022 crore.

Under RBI: SLS-II of ₹15000 crore, SIDBI has disbursed ₹15371 crore.

Under RBI: SLS-III of ₹16000 crore, SIDBI has disbursed ₹6337 crore.

DIRECT LENDING

Direct Finance portfolio outstanding increased from ₹11,581 crore as of March 2021 to ₹14,150 crore as of March 2022, largely on account of higher traction under special schemes launched during the year viz. ARISE, STHAPAN, LIQUID 2.0, ECLGS and AROG/SHWAS.



To reach a wider section of MSMEs, several initiatives/new products were launched with simplification of processes at policy and technology levels, besides expanding the scope of coverage of few existing products.

ARISE & STHAPAN:

Under SLF-3, SIDBI had launched two new products under Direct Finance i.e., ARISE & STHAPAN. Till the end of FY 2022, aggregate loans of ₹2852 crore had been sanctioned to 1871 MSMEs, out of which, ₹1853 crore had been disbursed.

TWARIT (Extension) & LIQUID 2.0:

During FY 2022, LIQUID 2.0 was launched and TWARIT scheme was extended. Both the schemes were under RBI SLF-II. Till the end of FY 2022, in both schemes, aggregate loans of ₹1297 crore had been sanctioned to 2148 MSMEs, out of which, ₹1247 crore had been disbursed.

A. Strategic Reorientation of Direct Lending business was done to maximise impact as detailed below:



Diversifying base: New Initiatives / products had resulted in 16% increase in customers base and stood at 9175 at the end of FY 2022. The widening of customer base had continued for the 3rd consecutive years, which had grown by 47% in past 3 years due to targeted lending to New to SIDBI [NTS] customers as well as through introduction of quick dispensation schemes and MOUs with OEMs & Industry Associations.



Faster delivery: The faster dispensation models had resulted in reducing Average Turn Around Time (TAT) in credit delivery. While the overall TAT was 11 days, the TAT for new & quick delivery products was around 9 days.



Building sustainable & quality portfolio: Reorientation in policy / structure helped the Bank to not only achieve 22% growth in direct credit portfolio at the end of FY 2022 vis-à-vis in FY2021 but also enabled the Bank to create sustainable & quality portfolio. Net NPA stood at 1.64% of total direct credit portfolio as on March 31, 2022 (outstanding is net of provisions) as against 1.67% as on March 31, 2021.

B. Business Enablers under Direct Finance:

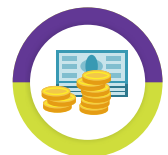
OEM / Industry Association Tie-Ups: To accelerate credit delivery to MSME sector, the Bank had increased its Credit Delivery Arrangements (CDA) to 45 Machinery Suppliers & 3 Industry Associations.



Launch of New & Quick Deliverable Products: The Bank rolled out 9 new products / product variants (AROG, SHWAS, ARISE, STHAPAN, LIQUID 2.0, TWARIT (Extn), PMWani, STEPS, USP etc.) mainly focused on helping MSMEs fight Covid-19. Total sanctions and disbursement under new products during the FY 2022 were approx. ₹5214 crore (5169 customers) and ₹4286 crore (5189 customers) respectively. Average loan size was around ₹99 lakh.



New Tie-ups to provide Working Capital: The Bank tied up with Yes Bank and City Union Bank, in addition to existing IDBI Bank for providing Working Capital limit to MSMEs. Bank also launched a new scheme viz SIDBI's Term Loan to Enhance Production of MSMEs (STEP) to provide Working Capital Term Loan (WCTL).



New Initiatives to Meet Challenge of Covid-19

- **Timely Working Capital Assistance to Revitalise Industries in Times of corona virus (TWARIT)** was launched under Emergency Credit Line Guarantee Scheme (ECLGS) in accordance with guidelines issued by National Credit Guarantee Trustee Company Ltd. (NCGTC) as per the directives of Gol and time to time modifications were undertaken due to change of operational guidelines by NCGTC. Total sanction under all versions of TWARIT as on March 31, 2022 was ₹2217 Crore (4564 customers).
- **SIDBI Assistance to MSMEs for Recovery & Organic Growth during COVID19 pandemic (AROG)** was launched during 2nd wave of Covid-19 to provide financial support to all MSMEs which are manufacturing products or providing services which are directly related to fighting corona virus at subsidised interest rate of 5.50%. Total sanction as on March 31, 2022 was ₹406 Crore (329 customers).
- **SIDBI assistance to Healthcare sector in War Against Second wave of COVID19 (SHWAS)** was launched to provide financial support to all MSMEs which are engaged in manufacturing Oxygen cylinders / Oxy generators / Oxygen concentrators / Liquid Oxygen for medical use or providing services which are directly related to supply of such items at subsidised interest rate of 4.50%. Total sanction as on March 31, 2022 was ₹84 Crore (80 customers).



C. Digital Initiatives and Internal Process Improvements under Direct Lending:

The Bank had boarded upon a project for **end-to-end digital credit delivery model** from pre-origination to disbursement/ monitoring. The process was linked with various public databases (viz. GST, ITR, bank statement, MCA, Credit Bureaus, etc.), along with e-KYC/ Digital Document Execution (DDE) and integrated with online application portal and appraisal model i.e. SMART, thus enabling a single click customer due diligence and parameterized decision making.



E-signing of Online Application through Registration API provided by National E-Governance Services Limited (NeSL) was released by the Bank. The Loan Documentation software got integrated with core services provided by NeSL for digital execution of legal documents.



Digital Documentation Execution (DDE) ensures automated completion of legal documentation through capture of e-signature of borrower/guarantor based on Aadhar based authentication through NeSL. DDE had been implemented in 22 states with some more states in the pipeline.



GST based SME DNA product of Jocata named as 'SWARA [Source, Watch and Risk Analyse]', was launched as a supplementary risk assessment tool at the time of underwriting and for monitoring health of the assisted borrowers.



D. Impact of Digital Interventions:

- Advent of digital platforms riding on the capabilities of Fintechs / Account Aggregators, and availability of data related to credit history, business transactions, banking etc. had resulted in higher efficiencies in MSME credit sanctions.
- Due to end to end digitalization of Direct Lending operation, the MSMEs now experienced seamless journey while seeking financial assistance from SIDBI.



STRENGTHENING RISK MANAGEMENT

The Bank has put in place a comprehensive Risk Management System inclusive of Credit Risk Management, Market Risk Management, Operational Risk Management, Internal Capital Adequacy Assessment Process, Business Continuity Management, etc.

Risks associated with the Bank's lending and treasury operations, including off-balance sheet items, are constantly monitored, measured and managed under the overall supervision and guidance of Risk Management Committee (RiMC) of the Board.

Major initiatives during the year:



FUND OF FUNDS

Under Fund of Funds, SIDBI contributes to the corpus of SEBI registered Venture Funds / Alternative Investment Funds [category I & II only]. The VCFs / AIFs supported are required to invest specified amount of their corpus in MSMEs / Startups as per the mandate of the scheme.

SIDBI has been managing three Fund of Funds on behalf of respective ministry / State Govt viz. Fund of Funds for Startup (FFS) (a programme of DPIIT, Ministry of Commerce and Industry, GoI), ASPIRE Fund (Ministry of MSME, GoI) and UP Startup Fund (on behalf of Government of Uttar Pradesh).

Outline on the activity of these Funds are:

Fund of Funds for Startups (FFS)

- Corpus of ₹10,000 crore
- Sanction of ₹1815 crore and disbursement of ₹1007 crore to 15 AIFs during FY 2022
- Cumulative sanctions of ₹7,225.45 crore and cumulative disbursements of ₹2,492.24 crore to 86 AIFs as of March 31, 2022

ASPIRE Fund

- Corpus of ₹310 crore with focus on Agro and Rural enterprises
- Assisted five AIFs

UP Startup Fund

- Corpus of ₹1,000 crore
- Cumulative commitments under UP startup fund as on 31 March 2022 stands at ₹20 crore to two AIFs.



Social Enterprises & Impact Investment

- The Bank is providing support to Samridhi Fund and Neev Fund to help investee companies scale up, employ sustainable business processes and generate larger social impact thereby improving business processes.
- In FY 2022, 13 investee companies had been supported to improvise their ESG and Social Impact.

Other initiatives - Technological Interventions

- To automate the operations of Venture Capital Funds (VCF), the entire application submission process was made online using a digital platform. Also, the application submission process, submission of drawdown requests by AIF and subsequent process of the same at SIDBI's end including portfolio management had also been made online by a separate online platform thereby enabling real time data management of VCF Portfolio.
- An online portal is also being set up that shall bring together the Startups and investors on a single platform to facilitate the access to capital.

MICRO LENDING / THE MISSING MIDDLE

- The Bank launched the **PRAYAAS** scheme to facilitate enterprise promotion and to bring down the cost of credit to borrowers at the bottom of the pyramid.
- As on March 31, 2022, under the PRAYAAS Scheme, Bank sanctioned limits to 13 Pls [Financial Intermediaries including NBFC/MFIs/Fintech (11) and Non-Financial Intermediaries (2)] out of which limit to 10 Pls is operational. An aggregate sanction of ₹417.70 crore was approved covering 27,343 beneficiaries and aggregate disbursement of ₹342.25 crore was effected to 21,529 beneficiaries. Out of the total disbursed cases under PRAYAAS, approx. 88% beneficiaries are from rural areas.

SIDBI CLUSTER DEVELOPMENT INITIATIVES

SIDBI has been engaged in facilitating various hard and soft cluster interventions. Under the recommendations of U.K. Sinha committee,

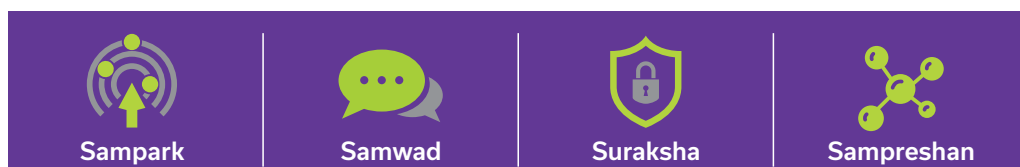
- RBI had made an allocation of ₹6,990 crore to SIDBI to support the State Governments/ State Government sponsored Organizations to create infrastructure towards development of MSME clusters. In order to have focused attention to important agenda of cluster development SIDBI has setup an exclusive Cluster Development Vertical during FY2022.
- SIDBI Cluster Development Fund (SCDF) is holistic in nature covering nearly all segments of MSME cluster development falling under three broad categories viz (1) Industrial and Agri-allied sectors in the MSME eco-space, (2) Social Sector projects in and around MSME clusters and (3) Connectivity to MSME Clusters. The support will be offered by SIDBI to State Governments as a soft loan for a tenure of 7 years.
- During FY2022, In-principle commitment of ₹5968.50 crore was made to 11 States and 1 UT. As on March 31, 2022, financial assistance had been sanctioned to 5 States against 37 projects (34 Greenfield and 3 Brownfield Projects) for an aggregate amount of ₹1038 crore. Total disbursement of ₹180 crore had also been made under SCDF, against 22 projects.

OTHER CLUSTER INTERVENTION PROGRAM

- **EU Switch Asia Bamboo project:** To generate an alternative source of livelihood for financially disadvantaged group as well as to promote an alternative for timber thereby safeguarding the environment, the project is being implemented in 26 districts of 9 states. Over 2200 enterprises have been created under the project along with credit linkage to 1386 enterprises.
- **MSME Cluster Intervention Programme (Business Development Services):** Program in 5 clusters with focus on Institution capacity building, facilitate access to services, support MSMEs to become more competitive and clusters to become self-sustainable.
- **Energy Efficiency and Cleaner production initiatives:** SIDBI's Green Climate and Energy Efficiency Centre is targeting 100 MSME clusters for promoting resource efficiency and cleaner production in the MSMEs for their survival, growth and competitiveness in long run. The initiative is expected to benefit around 4000 MSMEs.

PROMOTION AND DEVELOPMENT (P&D) INITIATIVES

The initiatives under P&D have been woven around Mission Swavalamban, which is an umbrella framework for inducing entrepreneurship culture and supporting various livelihood and entrepreneurship programs. Mission Swavalamban has 4 distinguishing pillars viz., Sampark, Samwad, Suraksha and Sampreshan (4S).



Sampark – connect with MSMEs and Entrepreneurs

Swavalamban Connect Kendras (SCKs)

- SCKs works as Counselling centers in 100 districts of UP, Bihar, Jharkhand, Telangana and Odisha to guide and handhold aspiring entrepreneurs.
- Around 46000 aspirants outreached and 5000+ handheld; 2000+ enterprises set-up / scaled-up and 1200 credit-connected under this initiative.

E-Udyam Sangyan

- Owing to Covid restrictions digital model of Udyam Sangyan (exposure visit) was launched in the form of E-Udyam Sangyan in FY 2021, as a series of webinars for MSEs on covering topics related to new age digital platforms of TreDS, GeMs, etc.
- Sessions covered by representatives of Medium and Large Industries on domain knowledge and Corporate Governance.
- 10 programmes concluded in FY 2022 benefitting 300 plus MSEs

Udyam Gyanshala

SIDBI conducted two gyanshalas viz. Udyam Gyanshala on 'Modern Techniques of Management for Manufacturing Sector' for upskilling MSEs and Udyam Gyanshala on 'Making business resilient and sustainable during uncertain times – A Toolkit approach for MSME Organizations working in manufacturing and service sector'.

These gyanshalas are Management/ Technical Capacity Development Programmes and benefitted 20 MSEs.

Livelihood Outreach Program

- The Bank launched the program to create digital literacy among artisans and build the capacity of artisans through handholding for onboarding / sale of their products to organizations / end users directly on digital platform.
- The intervention strives to improve the sales and social standing of artisans in the community and advocated 'Vocal for Local' drive.
- Approved grant support to 7 NGO partners to benefit 3300 artisans/Livelihood entrepreneurs in the state of Andhra Pradesh, Uttar Pradesh, Assam and Kerala.



Samwad – 'dialogue' to strengthen the relations among various stakeholders of the MSME Sector

Swavalamban Kaushal Unnayan Karyakaram

- SIDBI conducted 21 Swavalamban Kaushal Unnayan Programs which were entrepreneurship and skill development programs, building capacity of 700+ participants.
- Programme covered multitude of vocational activities like beautician, soft toys making, knitting, jute product manufacturing, LED bulb assembling, etc.

Seminars & Workshops

- SIDBI supported 13 seminars and workshops through its regional offices located pan India benefitting 6300 MSEs.

Micro Enterprise Promotion Programme (MEPP)

- An initiative aimed at promoting viable MSEs by facilitating availability of business services through Implementing Agencies.
- 4 MEPPs are running across India.
- FY 2022, 84 events have been conducted benefitting 3065 participants which resulted in 611 new enterprises setup creating 3831 employment opportunities.

SIDBI Assistance for Harnessing Aspiring Swavalambis (SAHAS)

- Aims at giving support for entrepreneurship and giving solutions to address the pain points of MSME sector including grant assistance to the selected Startup.
- Government Engineering College, Thrissur was supported to establish 1st Swavalamban Chair for MSME Solutions at the Campus.
- In FY 2022, 8 training programmes on entrepreneurship development and advance skill development was organized. In addition, 2 hackathons were conducted. 2nd Swavalamban Chair is being set-up at Vivekananda Global University, Jaipur.



Suraksha – to create an enabling environment for the growth of MSMEs

The Akshaya Patra Foundation

- Support was provided towards cost of 1,10,000 cooked meals distributed amongst the disadvantaged section of the population like daily wage earners, migrant labourers / workers, slum dwelling communities including COVID 19 patients, and their attendants adversely affected by the fall out of the 2nd wave of COVID 19 in 4 cities (Delhi/NCR, Lucknow, Ahmedabad & Thane).

Swavalamban Challenge Fund

- Bank introduced Swavalamban Challenge Fund to provide financial support to development organizations/educational institution/startups who were working with a special focus on green initiative, sustainable livelihood, financial inclusion, health and sanitation, access to financial services and promoting the culture of entrepreneurship.
- In FY 2022, 12 organizations were awarded under Window I. Window II was also launched and 415 applications were received.

Women Entrepreneurship - Livelihood Enhancement and Development (WE-LEAD)

- The project aims at promoting 12,000 women Entrepreneurs from among the SHGs/JLGs Members through Capacity Building-EDP/Skill Training & Business Development Services in Odisha.
- Being implemented through Odisha State Association for Financial Inclusion Institution (OSAFII) to cater to 15,000 women SHG/JLG Members..

Swavalamban Silai Homepreneur Program

- Partnered with Usha International Limited through Usha Social Services for promoting women entrepreneurship & economic enablement / empowerment in rural / unserved / underserved / backward / calamity prone/ aspirational districts areas through imparting 9 days residential training on sewing, basic designing, embroidery, machine repair & life skills.
- A total number of 2625 Usha Swavalamban Silai Schools covering 2545 villages, 191 blocks and 48 districts across 17 states was set-up till March 31, 2022.
- Homepreneurs cumulatively earned about ₹9.80 crore through job-work, learner's fee & machine repair. These homepreneurs enrolled 25000+ learners i.e., an average of 10 per direct beneficiary under them thus creating a multiplier effect.

Swavalamban Bazaar+

- To empower micro entrepreneurs/ artisans by widening their horizon and aligning their products as per market expectations.
- 8 Swavalamban Bazaar+ events were organized to showcase skills and products and 340+ artisans/ micro entrepreneurs had benefitted with credit, design (linking with students at design institutes), market connect as also financial literacy on digital tools.
- Cumulatively, 19 Swavalamban Bazaar Plus events were organized since FY 2019 benefitting 940+ micro entrepreneurs and local artisans.

Swavalamban Assistance for Financial literacy, Adoption of villages and credit and market Linkages - SAFAL

- Adoption of 120 villages in the states of Bihar and Jharkhand and to provide financial literacy training to 2,400 Livelihood Entrepreneurs & Micro Entrepreneurs (LE/ME) and ensuring their Credit & Market Linkages.
- In FY 2022, 121 villages were adopted, 2409 women entrepreneurs were provided financial literacy training, and credit linkage of 1965 participants completed.
- The project was expanded for adoption of 700 villages in 10 states to support 15000 LE/MEs.

SWAS - Breathing Entrepreneurial Energy

- Bank had undertaken special initiatives for women, working as domestic workers or labourers in the Sunderbans, following dual impacts of COVID-19 and devastating effect of Cyclone Amphan.
- 'Swavalamban Accelerator in Sunderbans (SWAS/स्वास - breathing entrepreneurial energy)' program was aimed at making Atmanirbhar Bharat a reality by promoting 'Vocal for Local'.
- The project aims to sensitize 20,000+ beneficiaries, train 1,000 shortlisted aspirants and support them with Start-up kits, to help them start their microenterprise, while also providing market linkages with potential buyers or markets like MUKTI Fresh, Sundarbans Development fair, social media platforms, e-marketplace, local vendors & markets etc.
- As on March 31, 2022, 657 women were trained in multiple batches in handicraft & food processing and 53 new enterprises were established.



Sampreshan – constructive engagement with policy makers & MSME entrepreneurs

Project Management Unit (PMU)

- Aimed at strengthening the MSME ecosystem and transferring the good practices through learning sessions, PMUs were set-up and are functional in total 16 states (including 11 which were set up in FY 2021), for closer engagement with states.

Few of the major support provided by PMUs to states are:

- Policy development - Framing New MSME policies viz, MSME policy 2022 for Rajasthan, MSME Mini Cluster Development Scheme operationalized in Gujarat with ₹14 crore budget, etc.
- State level Credit Guarantee Fund for MSMEs – Govt of Tamil Nadu signed MoU with CGTMSE wherein state guarantee worth ₹100 crore was earmarked which is expected to benefit over 400 MSMEs. Facilitating formulation of dedicated Assam State Credit Guarantee Scheme (₹100 crore corpus) similar to CGTMSE.

Technical Assistance Support to State Rural Livelihoods Missions (SRLMs) on livelihoods and microenterprise development

- The project in Bihar aims at ensuring digital access to Bank Sakhis in expanding their service portfolio, capacity building of entrepreneurs and producer groups on business planning and marketing.
- In Jharkhand project aims at onboarding 1200 additional Bank Sakhis in the state and at increasing their average monthly digital transactions to ₹5-7 lakh.
- In Assam, it aims at on-boarding 1000 Bank Sakhis and enhancing digital access along with credit and marketing support to rural women entrepreneurs.

SIDBI Centre for Innovation in Financial Inclusion/SCIFI

- Seeks to unlock the entrepreneurial potential of Indian youth through capacity building measures and by nurturing startups working on financial inclusion aided by technology (FinTech).
- Incubation center turns startups ideas into reality by providing required mentoring support and access to ecosystem resources.
- As on March 31, 2022, SCIFI is incubating 24 startups, and pre-incubating 12 early age startups.

Swavalamban Livelihood Enhancement & Awareness Program (LEAP)

- A pilot program aimed to build the capacity of youth in Leh by supporting them in establishing their enterprises by empowering youth using a common shrub – Sea Buckthorn.
- Supported through Aide Et Action – India in Leh (Ladakh) involves development of value chain for sea Buckthorn by way of setting up of an incubation center.
- Aimed at establishing at least 15 group enterprises by the end of the project.

THOUGHT LEADERSHIP AND STRUCTURAL INITIATIVES

The Bank continued to address information asymmetry and provide directional support to policy makers.

STRUCTURAL INITIATIVES

Bank has been coming out with various knowledge products, in association with Credit Bureaus, Rating agencies, etc.. Some of these knowledge products are also released in several Indian languages to reach out to a larger user base.



MSME Pulse

A SIDBI-Transunion CIBIL initiative, is a health tracker of MSMEs based on over 5 million credit-active MSMEs in the CIBIL database. The report tracks MSME credit to provide strategic inputs to institutional lenders and stakeholders. MSME Pulse is published in 12 vernacular languages, besides English & Hindi.

Microfinance Pulse

A SIDBI-Equifax initiative, it is a quarterly report based on Equifax database, that provides credit trends and other insights in the Microfinance sector, and serves as data-backed policy insights to the stakeholders. The report is published in 12 vernacular languages, besides English & Hindi.

Industry Spotlight

A SIDBI-CRIF Highmark joint initiative, this is a quarterly report based on credit data to key Industry sectors, with focus on MSMEs. The report details credit flow at cluster level, with data of established v/s emerging clusters in the respective industry sector. The report is released in English & Hindi languages.

Fintech Pulse

A SIDBI-Equifax joint initiative, the Fintech Pulse is a quarterly report on Fintech lending in India, with focus on New-Age Fintech emerging as differentiators in timely and adequate delivery of credit to the unserved and the underserved. The report is released in English & Hindi languages.

CriSidEx

A SIDBI-CRISIL joint knowledge product, is a sentiment index based on the qualitative survey of around 1,100 MSEs, for the surveyed quarter and expectations for the next quarter. The index gauges ground-level trends of the MSEs, apart from providing policy insights to stakeholders.



The maturing, highly successful and user-friendly digital ecosystem like Aadhar, UPI payment system, GST, open API system, Regulatory Sandbox framework, Open Credit Enablement Network (OCEN), Account Aggregator (AA) framework, etc. had helped increasing the pace of digitization of financial services including credit delivery.

SIDBI used digital solutions to power several MSME ecosystem solutions underlining its digital prowess.

Various digital initiatives undertaken by the bank include:

Stand Up Mitra & Udyamimitra Portals (Twin Portals)

- SIDBI, with support of DFS, developed the Stand up India portal and Udyamimitra portal. As on date, over 400 banks, NBFCs and MFIs are registered on the portal connecting over 1.47 lakh branches of banks/NBFCs.
- The revamped Udyamimitra portal enabled SIDBI to execute digital implementation of several credit/ MSME linked schemes under different ministries of Government of India.

"PSB Loans in 59 Minutes" Platform

- A contactless credit platform coming out of EASE program of Gol.
- Since the launch of PSB Loans in 59 Minutes portal on November 02, 2018, 5.01 lakh MSMEs have received In-Principle approval of loans of which 3.64 lakh MSMEs have received final sanction of credit facilities from the lenders registered on the platform.

Open Network for Digital Commerce

- Open Network for Digital Commerce (ONDC) is an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry (MoCI), Gol to promote open networks for all aspects of exchange of goods and services over digital or electronic networks.
- It is a first-of-its-kind initiative globally that aims to democratize digital commerce through open sourced methodology, moving it from a platform-centric model to an open network-based approach.
- SIDBI has invested ₹10 crore for a 6.35% shareholding in ONDC. The platform is expected to be operationalized shortly.

GST Sahay Project

- SIDBI executed an MoU with Online PSB Loans Ltd. (OPL) and Indian Software Products Industry Round Table (iSPIRT), a think tank for the Indian software products industry, to develop an Invoice based Financing app called GST Sahay.
- The application shall provide for a paperless, presence less, collateral free, cashflow based and straight through small loans to MSMEs. The proposed solution will be based on OCEN, e-sign, e -NACH, Account Aggregator (AA) framework, De dupe registry, etc. to reduce turnaround time and cost of lending.
- The development of SIDBI GST Sahay App, Loan Service Provider (LSP) Bridge and Business rule Engine is to be completed in FY 2023 and the GST Sahay Market place is expected to be made operational in second quarter of the year.

MSME Formalisation project

- To formalize the huge segment of micro-enterprises (around 85% of the estimated 6.34 crore MSMEs) which are excluded from Udyam registration, an MSME formalization initiative has been proposed by SIDBI in Association with MSME Ministry.
- This initiative aims to create an Udyam Assist Platform (UAP) for providing digital connect to the Informal Micro Enterprise segment by onboarding them on the Udyam Registration Portal through their lenders which include Scheduled Commercial Banks, Micro Finance Institutions, etc.

Blockchain based wholesale lending security sharing

- SIDBI proposed a PoC to address information asymmetry (in respect of security interest on underlying loan assets) between Institutional lenders (banks/FIs) and Non-Bank customers like NBFCs, MFIs, etc.
- SIDBI will participate in the PoC exercise as a knowledge partner, lender (PI) and also bring some of its small NBFC customers for the PoC. Infosys Ltd. is proposed to be the technology partner for the PoC and AWS to provide infrastructure for the PoC.

New MSME Score

- CIBIL, SIDBI and Online PSB Loans Ltd. (OPL) are jointly working to create a comprehensive credit score for MSMEs using the best in class building blocks of India's public digital infrastructure.
- The Score will be based on quadrangular information from GST, ITR, Bank Statement, etc. mapped to Bureau Data. The Score shall also use AI - ML, which shall be a first in the domestic and possibly in the global industry.

FACILITATOR ROLE



Interest Subvention Scheme for Mudra - Shishu Loans

- SIDBI is acting as a Nodal Agency for the purpose of channelizing of interest subvention to the various MLIs of MUDRA through their Nodal office.
- So far, SIDBI has received an amount of ₹775 crore from DFS, MoF, Gol, out of which, SIDBI had settled aggregate claims of ₹661.43 crore received from 104 MLIs, as on date. Further, around 3.20 crore Shishu beneficiaries have so far availed benefits of Interest Subvention Scheme under Mudra Shishu Loan.

Extended Partial Credit Guarantee Scheme (also known as PCGS 2.0) offered by Gol to Public Sector Banks (PSBs) for purchase of (a) high rated pooled assets and (b) Bonds/CPs of NBFCs/HFCs/MFIs

- To address temporary liquidity / cash flow mismatches of otherwise solvent NBFCs/HFCs/MFIs.
- SIDBI took up the work for evaluation of proposals, keeping record of transactions and determination of guarantee headroom, examination of claims and monitoring of recoveries in account for which guarantee was invoked.
- Under Pooled Assets, SIDBI had recommended 60 proposals aggregating ₹11769.58 crore purchased by Public Sector Banks to DFS, MoF, Gol. Guarantee worth ₹1176.67 crore was executed.
- PSBs had purchased Bonds/CPs worth ₹22217 crore under Portfolio Guarantee. Guarantees in respect of all proposals executed.
- So far, ₹169.70 crore guarantee claim received from five PSBs forwarded to DFS for consideration.

Interest Subvention Scheme - Ministry of AYUSH

- Ministry of AYUSH (MoA), GoI launched a new initiative "Establishment of AYUSH Super Specialty Hospital/Day Care Centers under the Champion Services Sectors" by providing Interest Subvention against sanctioned loans by Public Sector Banks (PSBs) to the greenfield units who are setting up AYUSH Super specialty Hospital/Day Care Centers at 155 locations in the country.
- The model will be adopted for the private investors & units in descending order for a period of 5 years, whereas maximum subvention of each private investor & unit will be capped at ₹8.15 crore.
- SIDBI has been nominated as the single national level nodal implementation agency for this Scheme and MoU has been executed b/w MoA, GoI and SIDBI.

Production Linked Incentive (PLI) Scheme for manufacturing of Telecom and Networking Products.

- The scheme was launched by DoT with the objective to boost domestic manufacturing in the telecom and networking products by incentivising incremental investments and turnover with total outlay of ₹12,195 crore.
- Support under the Scheme shall be provided for a period of five (5) years, i.e. from FY 2021-22 to FY 2025-26.
- SIDBI is the Project Management Agency (PMA) for the Scheme.

Production Linked Incentive (PLI) Scheme for Pharmaceuticals

- The PLI Scheme for Pharmaceuticals is a flagship scheme of Department of Pharmaceuticals (Ministry of Chemicals and Fertilizers), to create global champions out of India.
- SIDBI is the Project Management Agency (PMA) for the Scheme.
- With a scheme outlay of ₹15,000 crores, 278 applications were received under the Scheme.
- 55 applicants, including 20 MSMEs, were selected for receiving incentives under the Scheme.



Animal Husbandry Infrastructure Development Fund (AHIDF)

- ₹15,000 crore fund to incentivise investments to establish Dairy Processing & value addition infrastructure, Meat Processing & value addition infrastructure and Animal Feed Plants.
- The Bank is implementing partner for the scheme and has collaborated with Department of Animal Husbandry & Dairying, MoFAHD, Gol.
- A total of 2400 applications were received under the Scheme. An amount of ₹ 2500 crore was sanctioned by scheduled banks and ministry had approved interest subvention of ₹31.82 crores under the scheme.

National Livestock Mission (NLM)

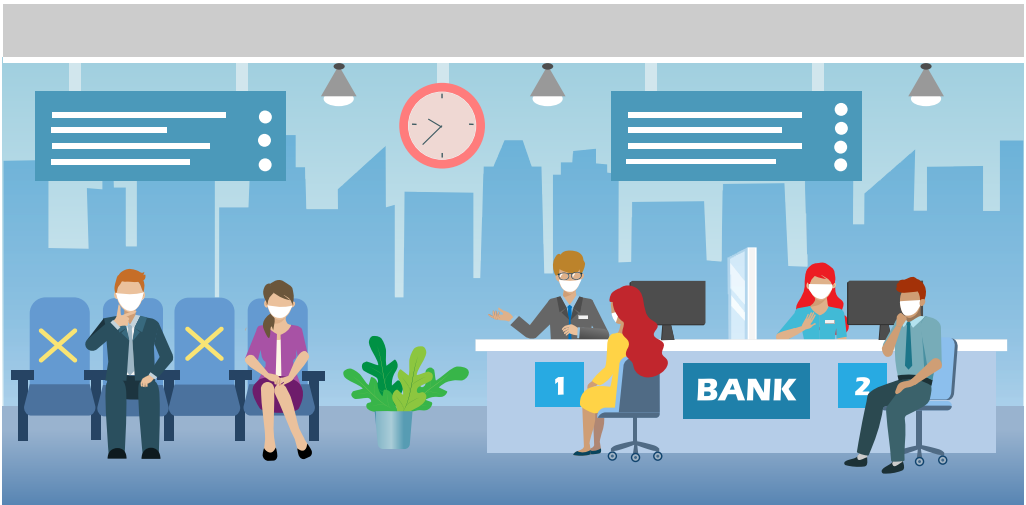
- The scheme is managed by Department of Animal Husbandry and Dairying (DAHD), Ministry of Fisheries, Animal Husbandry and Dairying. To enhance the effectiveness of the scheme, better monitoring, submission of online applications by the applicants, processing of applications in a transparent manner and an overall customized workflow of applications, DAHD had engaged SIDBI as an implementing partner for the scheme.
- DAHD had also nominated SIDBI as Fund Channelizing Agency for the management of subsidy.
- SIDBI created a customized workflow on Udyamimitra Portal for submission of online application form and submission of required documents by applicants directly on the portal.
- More than 7000 applications have been received and capital subsidy of ₹ 19.00 crores approved by Ministry.

SIDBI as Nodal Agency for Government of India Schemes

- The Bank has been assigned the nodal agency role by the Govt. of India for implementing various Govt. subsidy schemes, namely, Credit Linked Capital Subsidy Scheme (CLCSS), Special Credit Linked Subsidy Scheme (SCLCSS), Technology Up-gradation Fund Scheme for Textile Industry (TUFS), Integrated Development of Leather Sector Scheme (IDLSS), Scheme of Technology Up-gradation/Setting up/Modernization/Expansion of Food Processing Industries (FPTUFS) and Technology and Quality Upgradation (TEQUP) Scheme. Cumulatively SIDBI facilitated release of subsidy of ₹4453.80 crore to 54721 MSMEs.

Special Credit Linked Capital Subsidy Scheme (SCLCSS)

- The SC/ ST MSEs are provided subsidy of 25% under SCLCSS guidelines which is released from National Scheduled Caste and Scheduled Tribe Hub (NSSH) under NSIC. Since the launch of the Scheme, capital subsidy claims aggregating ₹45.06 crore to 369 units have been released through SIDBI. During FY 2022, claims aggregating ₹20.41 crore to 158 units have been released. The scheme is applicable from the date of sanction till 31/03/2026. The total plan outlay of NSSH for the period from FY 2021-22 to FY 2025-26 would be ₹438 crore.



SUBSIDIARIES AND ASSOCIATES



SIDBI Venture Capital Limited (SVCL) (1999), the venture capital arm of SIDBI, presently acts as the investment manager for eight funds viz. National Venture Fund for Software and Information Technology Industry (NFSIT) since fully divested, SME Growth Fund (SGF), India Opportunities Fund (IOF), Samridhi Fund (SF), TEX Fund (TF), West Bengal MSME VC Fund (WBF), Maharashtra State Social Venture Fund (MSF) which are fully invested and Ubharte Sitaare Fund (USF) which is currently in investment phase.

As on March 31, 2022, the total net outstanding corpus of the funds is ₹676.82 crore.



Micro Units Development & Refinance Agency (MUDRA) (2015), the wholly-owned subsidiary of SIDBI working on the agenda of 'funding the unfunded'. MUDRA had sanctioned an amount of ₹15,623 crore during FY 2022 as against an amount of ₹12,312 crore. The disbursement for FY 2022 stood at ₹14,989 crore and for FY 2021 at ₹12,303 crore.

MUDRA - Financial Highlights at a Glance

Amount in ₹ crore

Particulars	March 31, 2021	March 31, 2022
Outstanding Portfolio	13,627	20,039
Paid up Capital	1676	1676
Reserves & Surplus	839	1045
Total Income	1005	1019
Net Profit	245	233
Standard Asset	99.44%	99.59%



Credit Guarantee Fund Trust for MSEs (CGTMSE) branded as UDAAN (2000), operates the Credit Guarantee Scheme (CGS) for MSEs in respect of credit facilities up to ₹2 crore extended by member lending institutions that are not backed/ partially backed by collateral security and/ or third-party guarantees.

- During FY 2022, Guarantees to the tune of ₹57,920 crore were approved recording a growth of 51%.
- The guarantee scheme has cumulatively helped in creating 58.59 lakh MSE loan accounts for loan amount of ₹3.14 lakh crore till March 31, 2022.
- The units supported by CGTMSE have generated employment to the tune of 155 lakh. Approximately, 14% women entrepreneurs were benefited by the scheme. Units supported by CGTMSE have contributed ₹24,033 crore towards exports.
- To meet COVID Challenges, CGTMSE introduced 2 special schemes i.e. Credit Guarantee Scheme for PMSVANidhi (CGS-PMS) and Credit Guarantee Scheme for Subordinate Debt

(CGSSD). Both the CGSSD and CGS-PMS schemes are poised to bring back life to two of the most crucial segments of MSME sector.

• **Overall performance of CGTMSE in FY 2022 is as under:**

Amount in ₹ crore

Particulars	FY 2021		FY 2022	
	₹ Crore	Number	₹ Crore	Number
Total Approved Guarantees	38,389	22,83,331	57,920	23,02,868
Banks				
- General CGS I	19,429	3,36,612	28,083	2,78,833
- Retail	7,712	2,40,244	11,214	2,43,002
- Hybrid Collateral	1,572	5,687	3,165	8,973
NBFC	8,186	2,53,049	13,709	1,86,212
PMSVANIDHI	1,435	14,47,266	1,717	15,85,550
CG for Sub-Debt	55	473	32	298

Important initiatives during FY 2022:

- For ease of operation, bulk upload facility for coverage under CGTMSE introduced upto ₹1 crore
- Loans to educational institutions and Wholesale Traders brought under the ambit of eligible activities.
- Introducing new Schemes like Guarantee for Co-Lending by Banks and NBFCs, Collaboration with State Government for state specific guarantees etc.
- Lodgment of guarantee application allowed anytime during the tenure of the loan.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), has framed a Scheme for the purpose of providing guarantees in respect of credit facilities extended by eligible Banks & NBFCs jointly to Micro and Small Enterprises (MSEs) borrowers under Co-Lending models as prescribed by RBI from time to time. The same shall cover eligible credits sanctioned under Co-Lending arrangement by pair of lending institutions to eligible borrowers under MSE sector.



Receivables Exchange of India Limited (RXIL) (2016), SIDBI-NSE joint venture operating the MSME online Trade Receivables Discounting Platform (TReDS).

Snapshot of cumulative performance in terms of registration and volumes till March 31st, 2022:

Buyers Registered - 764

Sellers Registered - 10,672

Financiers Registered - 50

Total amount financed - ₹23,735cr

Total invoices financed - 13,62,327



Acuité Ratings & Research Limited (Acuité) (2005)

- Acuité has assigned more than 9000 credit ratings (as on March 31, 2022) to various securities, debt instruments and bank facilities of entities spread across industries in India over a span of 9 years from the time it commenced bond and bank loan rating business.
- SMERA Ratings Pvt. Ltd. (SMERA) – the wholly owned subsidiary of Acuité specializing in MSME Ratings and MFI Gradings, carried out 2622 rating and grading assignments during the year. It achieved a 48.59% PBT margin and established itself as a self-sustainable business.



India SME Asset Reconstruction Company Ltd- (ISARC) (2008)

- ISARC was set up with the principal objective of acquiring non-performing assets (NPAs), inter-alia, in the MSME sector.
- Assets Under Management (AUM) is approx. ₹376.05 crore, as on March 31, 2022.
- The Bank along with other PSB/investors has decided to divest stake in the company.



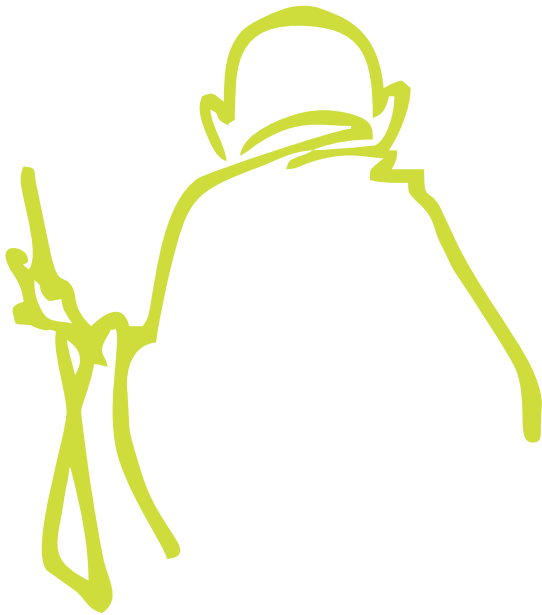
India SME Technology Services Limited (ISTSL) (2005)

- ISTSL is a Technology services venture of SIDBI and an empaneled inspection agency with NSIC. ISTSL is also providing Energy Audit service for MSME units and also Project Management Consultancy services to a few ministries of Government of India for installation of rooftop solar PV systems in their buildings.
- Liquidation of ISTSL is under process.



PSBLOANSIN59MINUTES

- Fintech foray of a SIDBI led consortium of Public Sector Banks
- Since the launch of PSB Loans in 59 Minutes portal on November 02, 2018, 5.01 lakh MSMEs have received In-Principle approval of loans of which 3.64 lakh MSMEs have received final sanction of credit facilities from the lenders registered on the platform.



Small Industries Development Bank of India

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