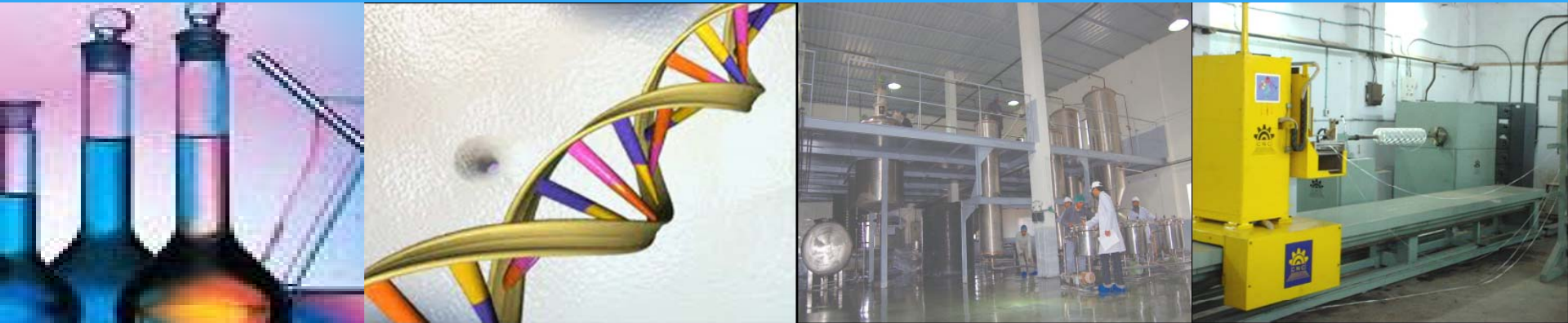


SIDBI's Initiative in Financing Technology Innovation in MSME Sector



Part - 1

SIDBI - A brief Profile

Good Things in life Begin Small

SIDBI - Background

- **Constitution**
 - Set up in 1990 – SIDBI Act of 1989
 - Initially wholly owned subsidiary of IDBI
 - Act amended in 2000–broad based shareholding
 - Structural Linkage: With Ministry of Finance and Ministry of MSME, Govt. of India.
- **Mandate**
 - Promotion, financing and development of SSIs (now MSMEs) and to co-ordinate the functions of institutions serving the sector.

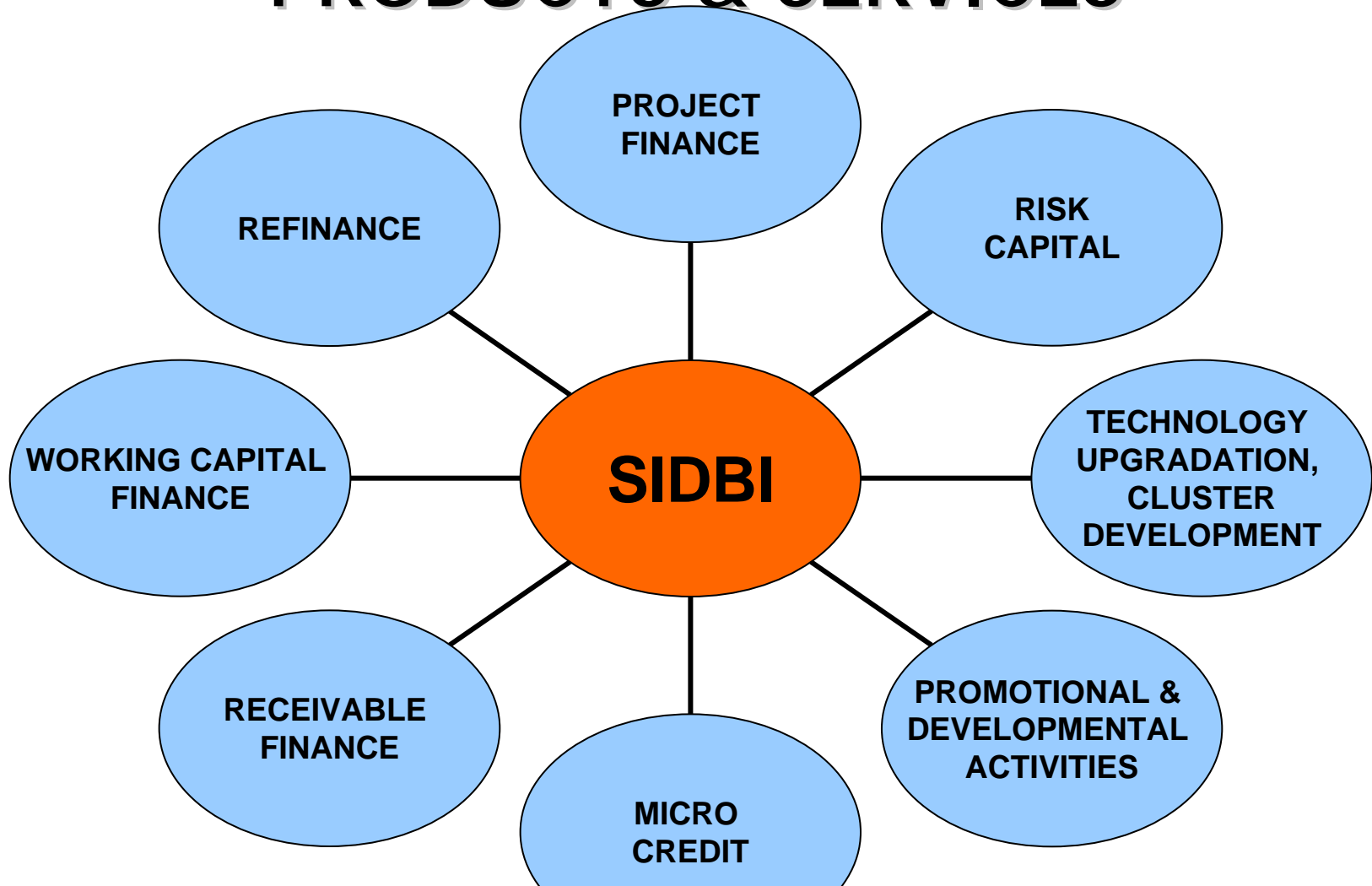
The Beginning

SIDBI - Background

- **Shareholding**
 - **Authorised – ` 1000 Crore**
 - **Paid-up – ` 450 Crore**
 - **Shares held by 35 GoI owned / controlled Banks Insurance Companies and FIs**
- **Structure**
 - **Head office at Lucknow**
 - **6 Zonal offices**
 - **103 Branches across all the states**
 - **Total employees (approx. 1000). Professionals cutting across multi disciplines.**

National Presence

PRODUCTS & SERVICES



One Stop Shop

We Empower MSME

SIDBI - Associates

- ❑ Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)
- ❑ SME Rating Agency of India Ltd. (SMERA)
- ❑ SIDBI Venture Capital Ltd. (SVCL) (100% subsidiary)
- ❑ SIDBI Trusteeship Company Ltd (100% subsidiary)
- ❑ India SME Technology Services Ltd. (ISTSL)
- ❑ India SME Asset Reconstruction Co. Ltd. (ISARC)

CO-PROMOTED –

- ❑ FACTORING COMPANIES
 - Canbank Factors
 - SBI Factors
- ❑ North Eastern Development Finance Corporation
- ❑ Indian Institute of Entrepreneurship

SIDBI Conglomerate

SIDBI - Govt. of India Initiative

- Synergies with Govt. on cluster development initiatives.
- Policy advocacy for MSMEs with Govt.
- Promoted CGTMSE jointly with Govt. of India.
- Set up Credit Monitoring Cell in Ministry of MSME, GoI.
- Set up Portfolio Risk Fund with Govt. support for MFIs
- Set up National Fund for Software & Information Technology with a corpus of ` 100 crore with Govt. of India.
- Appraise proposal for assistance under IID Scheme of GoI.
- Set up TIFAC-SIDBI technology Innovation Fund for financing demonstration and commercialisation of innovative technology.

SIDBI- Govt. Co-operation

We Empower MSME

SIDBI - Govt. of India Initiative

Nodal agency for Govt. of India Schemes for MSME Sector–

- Credit Linked Capital Siubsidy Scheme (CLCSS)
- Technology Upgradation Fund Scheme for Textile & Jute Sector (TUFS)
- Integrated Leather Development Scheme (IDLSS)
- Technology Upgradation Fund Scheme for Food Processing Industry (TUFFP)
- Organising seminars / workshops to popularize Govt. Schemes for MSMEs

SIDBI- Govt. Co-operation

We Empower MSME

FINANCIAL PERFORMANCE (` Crore)

Particular	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Total Outstanding Advances	16031	20226	30886	37969
Income	1187	1638	2082	2540
Net Profit	298	198	299	421
Net Worth	4436	4713	5342	5612
CRAR (%)	37	42	34	30
Net NPA %	0.14	0.25	0.08	0.18
NIM (%)	4.53	4.45	4.95	4.13
Return on average assets %	2.18	1.58	2.34	2.00

Our Networth Does not Include Human Capital

Part - 2

MSMEs PROFILE IN INDIA

The backbone of Indian Economy

MSMEs In India - Structure

- **Govt passed the Micro, Small & Medium Enterprises Development (MSMED) Act in 2006.**
- **A paradigm shift with three distinct features -**
 - Introduced the concept of 'Enterprise'
 - A new category 'Medium scale'
 - Defined Services sector MSME
- **The Act provides new impetus to development of MSMEs in India.**
- **MSMEs in India defined in terms of investments in plant & machinery / equipment.**

MSME Definition

Particulars	Manufacturing (Investment in P&M)	Services (Investment in Equipment)
Micro Enterprises	₹ 25 lakh	₹ 10 lakh
Small Enterprises	Upto ₹ 500 lakh	Upto ₹ 200 lakh
Medium Enterprises	Upto ₹ 1000 lakh	Upto ₹ 500 lakh

MSMEs-Backbone of Indian Economy

SIZE -

- **MSE Sector Contribution to Indian Economy**
 - ✓ 45% of industrial production
 - ✓ 35% share in exports
 - ✓ More than 8000 products
- **Second largest sector after agriculture**
 - ✓ More than 26 million units
 - ✓ Provides employment to over 59 million
- **Accelerates the growth of Economy**
 - ✓ MSME Growth higher than GDP & industrial growth

MSMEs drive the Indian Economy

An overview of Indian MSME

FEATURES –

- Very small in size (majority are MSE units)
- Majority of units are proprietorship / family owned concern
- Very limited professional management
- Obsolete technology/ production process
- Low capital investment & labour intensive
- High energy consumption in many sectors
- Lack of Knowledge about energy efficient production options / technology

CLASSIFICATION

- Traditional sectors – Textile, leather, foundry, forging, engineering, metals.
- Modern sectors – IT services (software / BPO/ KPO), health care, food processing, bio-tech, logistics, telecom, etc.

Tradition drives the MSMEs

We Empower MSME

Why MSMEs / first generation entrepreneurs lack to innovate

- Our "*Chalta Hai*" attitude.
- Limited awareness and/or access to technology & product innovations
- No expenditure on R & D
- Limited/almost nil funding for innovation in technology / process
- Limited access to risk / growth capital
- Lack of awareness of global best practices
- Limited support/expertise from large corporates to their vendors for innovation
- Limited access and capabilities to hire technocrats / technical experts

Part - 3

SIDBI's Initiative for promoting Innovation

Continuous Innovation is the key to sustainability in the long run

What is Technology Innovation..?

- Is it development of new product...!
 - Is it development of new process..!
 - Is it more ...!
- Technology Innovation is much more comprehensive and covers wider areas. It may cover and lead to
1. Improvement in fuel / power efficiency energy saving.
 2. Less impact on environment.... reduction in pollution generation.
 3. Recycling waste improved bottom line.
 4. Modification in raw material mix.....brings down cost of production

SIDBI's Initiative in promoting Technology Innovation in MSME Sector

- **Introduced Energy Efficiency Finance Scheme at concessional rate and terms**
- **Introduced Scheme for Financing Clean Production Options in highly pollution MSME sector at concessional rate and terms.**
- **Launched technology awareness programs in MSME clusters.**
- **Pro-actively financed MSMEs for technology upgradation under Govt. of India Scheme [CLCSS, TUFS, IDLSS, TUFSSFP, ETC.].**
- **Adopted MSME clusters for Business Development Services.**
- **Introduced Green Rating Concept in MSME sector.**

SIDBI's Initiative in promoting Technology Innovation in MSME Sector

- Launched Green Loan Scheme for existing MSME customers of Bank.
- Adopted Jodhpur Stainless Steel Cluster for CDM project.
- MoU with BEE - 500 bankable projects from 25 clusters. Awareness programmes in MSME BDS clusters
- Circulated handbooks on Ceramics, Engineering, Foundry and F&V processing sectors.
- Capacity building of Industry associations / SPVs / Energy auditors etc. in clusters.
- Facilitated over 100 walk through EE audits in MSME BDS clusters with over 15 complete audits in BDS clusters
- Identified list of equipments / technologies for each sector.

TIFAC - SIDBI Revolving Fund for Technology Innovation

- Collaborative arrangement between TIFAC [DST,GoI] and SIDBI
- Set up a revolving Fund for 10 years
- The Fund has initial corpus of ` 30 crore
- SIDBI is the manager of the Fund
- Assistance would be in the form of loan
- Objective is to finance commercialization and up-scaling of innovative technologies / products / process
- Assistance would be at nominal interest rate of upto 5% p.a.
- Maximum assistance - Generally be not more than `100 lakh
- Tenure of the loan should generally be not more than 6 years.

TIFAC - SIDBI Revolving Fund for Technology Innovation

Operational aspects-

- Submit preliminary application format available at www.sidbi.in and www.tifac.org.in
- Two tier appraisal mechanism
 - Technical evaluation by TIFAC [1st stage]
 - Financial evaluation by SIDBI [2nd stage]
- Assistance is sanction by Project Approval Committee
- Project implementation is reviewed by Project Review Committee
- Loan documentation, disbursement, monitoring and recovery by SIDBI

We believe

- Innovations can take place in any field and MSME is not an exception
- Innovation can be by any one ..even by an unskilled worker
- Innovations need not always be expensive.
- To succeed, innovations have to be simple, easy to understand, use and be replicable.
- A simple modification in process or design may also result in change in complete manufacturing process and cost of manufacturing.
- Some innovation thoughts for technological innovation are-

Some innovative Solutions



Hotel offers free meal to guests who are willing to generate electricity

The Crown Plaza Hotel in Copenhagen, Denmark, is offering a free meal to any guest who is able to produce electricity for the hotel on an exercise bike attached to a generator. Guests will have to produce at least 10 watt hours of electricity - roughly 15 minutes of cycling for someone of average fitness. They will then be given meal vouchers worth \$36 (26 euros).

Some innovative solutions



Disco pub gets electricity produced by people dancing at specially modified dance floor

All the flashing strobes and pounding speakers at the dance club are massive consumers of electrical power. So Bar Surya, in London, re-outfitted its floor with springs that, when compressed by dancers, could produce electrical current that would be stored in batteries and used to offset some of the club's electrical burden. The club's owner, Andrew Charalambous, said the dance floor can now power 60 percent of the club's energy needs.

Some innovative solutions

- **Designer creates an iPhone charger powered by a hand grip**



An innovative paper saving Solutions



Company creates a desktop printer that doesn't use ink nor paper

Who says printers only use paper to print documents? It's time for you to meet the PrePeat Printer then. Different from conventional printers, PrePeat adopts a thermal head to print on specially-made plastic sheets. These plastic sheets are not merely water-proof, but could be easily erased, just feed the sheets through the printer again, and a different temperature will erase everything or just write over it. Also claimed by the manufacturer, such one sheet could be used up to 1,000 times so that you'll reduce your expenses on paper for sure.

A green building initiative



University constructs a green roof as a gathering place

Green design is an enormously popular trend in modern architecture, just take a look at this amazing green roof at the School of Art, Design and Media at Nanyang Technological University in Singapore. This 5-story facility sweeps a wooded corner of the campus with an organic, vegetated form that blends landscape and structure, nature and high-tech and symbolizes the creativity it houses. The roofs serve as informal gathering spaces challenging linear ideas and stirring perception. The roofs create open space, insulate the building, cool the surrounding air and harvest rainwater for landscaping irrigation. Planted grasses mix with native greenery to colonize the building and bond it to the setting.

Waste water use



Designer creates a sink that uses wasted water to grow a plant

Made of polished stained concrete, the Zen Garden Sink has a channel that allows the water used while washing your hands to water a plant. Created by young Montreal designer Jean-Michel Gauvreau the sink comes in single or double basin model. The sink is designed in a way you won't get your plants all soapy. There is a main drain at the bottom of the basin for soapy grime. Your little plant friend just gets whatever you choose to dole out.

An innovative waste reduction solution



Environmental company creates a staple-free stapler to avoid staple pollution

Staples are supposed to be so bad to the environment that a company decided to create a staple-free stapler. This product promises to make collation eco-friendly. Instead of using those thin metal planet-killers, the staple-free stapler "cuts out tiny strips of paper and uses the strips to stitch up to five pieces of paper together." You can even order them customized with your corporate logo so you can, you know, brag about what your company is doing to stop the staple epidemic.



Thank You

Good things in life begin small...