Micro, Small, Medium enterprises financing deficit can be narrowed down with help of policy and behavioural change Do you agree with this view? Comment (200 Words)

Manufacturing sector is the backbone of any resilient economy. In India they contribute around 25.92% of gross value added [16-17% of GDP]. Yet it can contribute much more. The financing deficit prevents it from doing so.

Problems & Issues in financial stability of MSME

MSME mainly suffer due to the delayed payments for their goods and services. A recent report of Global Alliance of Mass Entrepreneurship (GAME) brought out that total outstanding payments may be around 15 trillion rupees. More shocking was that they were inversely proportional to size of enterprises.

TReDS (Trade Recievables Discounting System) by RBI an unified platform to facilitate the trade recievable between Sellers, buyers and financiers must shift approach by adding more financiers apart from generating large invoices.

GST has ushered single market with efficient gains. As per recommendations of Jayant Sinha Committee integrating GST portal with TReDS platform would allow users and stakeholders to access e-invoices through single window. This will enhance liquidity and competition

Then another main issue is the lack of credit availability. To fill those gaps U.K. Sinha Committee recommended that credit enhancement mechanisms, could be facilitated by National Credit Guarantee Trust Corporations In private sector many initiatives like Open Credit Enablement Network and iStack etc has been devised to address this.

Thus the present government measures are addressing the issues in limited way. A few shift in policy like allowing NBFCs into TReDS will enable India to address the finance gap in MSME efficiently