

Micro small medium enterprises financing defect can be narrowed down with help of policy & behavioural changes. Do you agree with this view? Comment

Micro small & medium (MSME) enterprises are the backbone of a healthy balanced economy. In India they contribute more than 120 million employment, 35% of export &  $\frac{1}{4}$  of GDP.

### Problems in finance

- \* Delayed in payment for their goods & services results in unavailability of working capital. As per Global Alliance of Mass entrepreneurship (GAMPE) outstanding payment to registered MSME about ₹15 trillion and average period between 3 to 6 months
- \* Lack of availability of credit

The policy support needed from govt to narrow financing defect

- \* Delay in payment to MSME need a stringent action MSME Samadhaan portal need to be publicized



- \* Trade receivable discounting system (TReDS) which facilitate finance on trade receivable of MSME's, need change
  - option to defer accepted invoice upto 180 days with additional interest of 2%.
  - More financiers on these platforms like NBFC's

- \* GST network's e-invoicing portal need to be integrated with TReDS for single window accessibility as per Jayant Saha committee

- \* Enhancing credit through external guaranties to invoices accepted by low rated corporates through National Credit Guarantee trust corporate

Apart from these it is also possible with corporates who follow delay in payment. It requires behaviour change of Industry association & corporates to embrace culture of timely payment through enforcing them as problem with MSME's,

Also behaviour of MSME's to upgrade their technology in manufacturing financial service need for their growth