

Challenges in the MSME Sector

MSMEs are well known for their lower investment and technology requirement. After agriculture, this sector holds second position in generating employment opportunities in Indian economy. MSMEs also enhance industrialisation in rural and backward areas and thereby reduce regional imbalances and assure equitable distribution of national income and wealth.

MSMEs are now exposed to greater opportunities than ever for expansion and diversification across the sectors. Indian market is growing rapidly and Indian entrepreneurs are making remarkable progress in various Industries like manufacturing, precision engineering design, food processing, textile & garments, retail, agriculture and service sector.

Despite its contribution and significance in the Indian Economy, the MSME sector has been facing various hurdles since long. MSMEs face a number of problems viz., limited capital and knowledge, non-availability of suitable technology, identification of new markets, constraints on modernisation & expansions, non-availability of highly skilled labour at affordable cost, lack of adequate warehousing and absence of adequate and timely finance being one of the major challenges.

Most of the banks still hesitate to lend loans to the MSMEs due to high risks involved such as higher volume of cash transactions, unregistered business with Govt. authorities, improper income proofs, etc.

In its Union Budget 2016, the Govt. made a few announcements to boost the sector such as setting up of SC/ST hub, increase in corpus of MUDRA Bank, increase in turnover limit under presumptive taxation scheme of the Income Tax act, establishment of an electronic platform to facilitate financing of trade receivables of MSMEs, etc.

Govt. and the private sector are continuously working to empower the MSME sector to take it to its rightful place as the growth engine of the Indian economy.



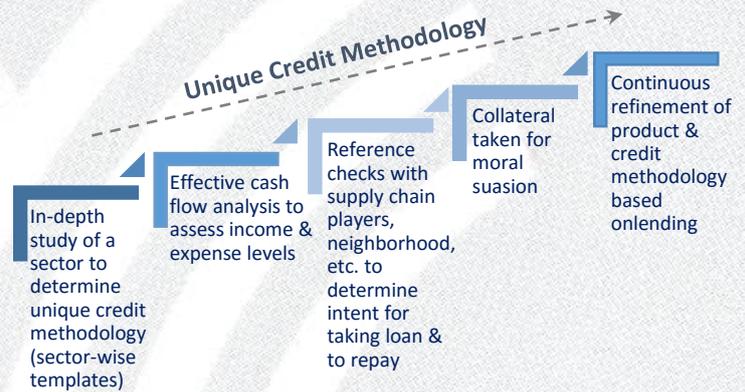
Mr. Sankar Sastry
Exec. Vice-President
& Chief Risk Officer

“Going by the Vistaar way”

“**MSME** sector in India is essential for achieving the targeted growth rate of our nation. This sector nurtures budding entrepreneurs and incubates innovation at its most rudimentary level. The contribution of MSMEs in the growth of Indian economy is so significant that it can be easily said that the growth in the MSME sector is directly proportional to the growth of India.”

“Whether it is five year plan or the budget, the Government of India keeps on drafting new policies to augment the sector. However, despite the fact that MSMEs play a pivotal role in the upliftment of Indian economy, they still face many challenges. And **one of the major challenges that bother Indian MSMEs is arranging capital for their businesses.**

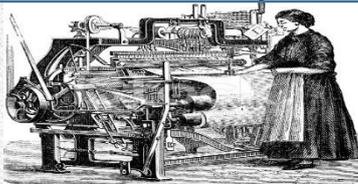
Vistaar recognised the need and developed a unique methodology for serving the different customer segments and is one of the few NBFCs with complete focus on MSME loans. And here below is the five step model adopted by Vistaar that addresses this segment effectively-”

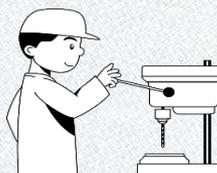


“We believe that our approach of unique credit methodology, deep understanding of the sectors, highly efficient credit assessment processes and significant investments in technology would help to grow the businesses of our MSME customers.”

Vistaar entered into Haryana, its 12th State

Snapshot	
Branches (#)	196
States (#)	12
Customers (#)	76,496
Portfolio (₹ Crs.)	792
Disbursements (YTD) (₹ Crs.)	521
Employees (#)	2,054

Focus Sectors of Vistaar
Textiles (Power & Handlooms)

Services

Small Manufacturing Units

Traders (Kirana, General & Other Stores)

Dairy & Allied

Vistaar Financial Services Private Limited

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