



**Small & Medium Business Development Chamber of India
and
India International Trade Centre**



Jointly Organised

**6th International Conference on
SME Financing, Better Banking Regulations
and Integration of SMEs**

**Presentation of 6th National Level
SME & Entrepreneurship
Excellence Awards**

on Saturday, 3rd May 2008 at Mumbai

Inaugural Ceremony of the Conference



Launching of SME Business Club



Hon'ble Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister inaugurating the Conference & SME Business Club in the eminent presence of Mr. C. B. Bhave, Chairman, Securities & Exchange Board of India (SEBI), Mr. Dinesh Rai, Secretary, Ministry of Micro, Small & Medium Enterprises, Govt. of India, Mr. G. N. Bajpai, Member, Advisory Board, Financial Technologies Group & Former Chairman SEBI, Mr. Rajinder Singh, Chairman & CEO, Global Absolute Group, Mr. T. C. Venkat Subramaniam, CMD, EXIM Bank, Mr. Muruga Thambiran S., Head Business Banking, Barclays Bank PLC and Mr. Chandrakant Salunkhe, President, Small & Medium Business Development Chamber of India.

Chief Guest's Address



Hon'ble Dr. C. Rangarajan - Chairman, Economic Advisory Council to the Prime Minister observed the catalytic role of Small and Medium Enterprises (SMEs) as the growth engines in the development of countries. In India they are major contributors to GDP through manufacturing and exports. It is therefore essential to support this sector crucial for achieving the target of 9% plus growth. SMEs being widely dispersed across the entire country also make them a key element from a regional developmental perspective.

A major area of concern of our SMEs, particularly the tiny segment, is access to affordable credit. SMEs also lack access to private equity and venture capital and have a very limited access to secondary market instruments. To improve the delivery of credit, the Government has announced a 'Policy Package for Stepping up Credit to SMEs'. The Government has also set up a Credit Guarantee Fund to provide relief to those small entrepreneurs who are unable to pledge collateral security. Dr. Rangarajan

advised the banking sector to double the credit flow to this sector within a period of five years and support the SMEs through risk and venture capital. To enable the schemes introduced by the Banks to reach the rural areas, bank personnel need to undergo special training to develop expertise to empower SMEs. The Banks should establish specialized SME branches for easy access to bank credit to the entrepreneurs and launch State level venture capital funds for benefit of SMEs. He noted that SEBI is establishing a special stock exchange for SMEs to enable them to raise capital.

He lauded the role of SME Chamber of India for the development of SME Sector and empowering SMEs to be globally competitive. Congratulating the Chamber for successful organisation of the Conference on SME Financing, Better Banking Regulations and Integration of SMEs, he advised participants to take advantage of the Conference and strive hard to produce high quality products to face the competition. While conferring the awards for SME and entrepreneurship excellence, he appreciated the initiative of Mr. Chandrakant Salunkhe, President of SME Chamber for instituting these awards and congratulated all the Awardees on their selection and conveyed his best wishes for their future growth and higher levels of achievement. He hoped that the awards will serve to encourage the awardees to strive harder and contribute to the Nation's economic and social development and also motivate more and more of our entrepreneurs to emulate the example set by the Awardees.

Inaugurating the "SME Business Club" initiated by the SME Chamber of India, Hon'ble Dr. Rangarajan hoped that the Club would maintain a very high standard as a networking platform to create new business avenues for the SME Sector in India in various sectors.

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Eminent Speakers



Mr. C. B. Bhave, Chairman, Securities & Exchange Board of India (SEBI). At the outset, referring to the BRIC report that Brazil, Russia, India and China will be at the forefront of world economy by the year 2050 Mr. Bhave reminded the audience that these are the expectations of the economic world based on the potential and not prophesies. We have to make efforts and strive to make this dream come true for which opportunity exists. Responding to the anticipation of the announcement for formation of a separate SME Exchange for the benefit of SME Sector, Mr. Bhave

informed that the proposal is being pursued very strongly. While it is intended to ease the credit availability to MSMEs it is also necessary to protect the small investors. Precautionary measures including setting a high ticket size are being considered. A high level Committee is going through the connected issues and constructive suggestions from organisations and individuals in this regard are welcome. SEBI needs to balance the interests of the entrepreneurs as well as the public at large. While the regulatory environment should be less demanding, the investor needs to be provided all necessary information. The process of raising capital also needs to be less expensive. Mr. Bhave congratulated the SME Chamber of India for empowering SME Sector and organising this conference as well as various other training and education activities for the benefit of raising the information level of the SMEs.



Mr. G. N. Bajpai, Member, Advisory Board, Financial Technologies Group explained the role of Financial Technologies Group in creating and operating technology-centric, next generation financial markets that are transparent, efficient and liquid, across multi asset class including - equities, commodities, currency and bond among others. FTG's deep domain expertise gives a decisive edge in driving mass disruptive innovation at a speed and cost of execution that are unmatched in the financial markets. Markets transform lives of people by democratizing global trade and economy and by

propagating the benefits of 'price discovery', 'trade efficiency', 'risk hedging' and 'structured finance' to the masses. These benefits in turn ensure inclusive and equitable growth by unlocking value from the middle and bottom of the socio-economic pyramid. Mr. Bajpai informed about seven exchanges set up for the benefit of SME Sector and role played by the FTG for enhancement of economic growth. He advised on need to concentrate efforts to finance the prospective entrepreneurs i.e. giving more importance to the growth potential rather than evaluating the present net worth.



Mr. T. C. Venkat Subramanian, CMD, Export-Import Bank of India explained about the role played by Exim Bank for the promotion of SME Sector and various financial products for assisting exporters and importers. Exim Bank of India is an apex financial institution, fully owned by Government of India, set up for the purpose of financing, promoting and facilitating India's international trade. The Bank has special schemes for creating export capability in SMEs and has facilitated many SMEs to grow and become active players in the global market. With the advent of

globalisation, barriers to trade are getting dismantled and the dividing line between national and global markets is slowly disappearing. While this phenomenon has resulted in expansion of market opportunities for products and services, it has also made certain sections in developing countries more vulnerable to market vagaries. He explained role of SMEs in the National exports and setting up joint ventures and contract manufacturing with overseas companies and invited all members of SME Chamber of India to take benefit of EXIM Bank initiatives.



In his welcome and introductory speech, **Mr. Chandrakant Salunkhe, President, Small and Medium Business Development Chamber of India (SME Chamber of India) and India International Trade Centre (IITC-INDIA)**, emphasised the commitment of both SME Chamber and IITC-India towards Micro, Small and Medium Enterprises for enhancement of domestic and export business activities. He reiterated his support in all respects to make the SME Sector globally competitive. He also promised proper guidance and assistance for getting financial assistance from Banks and Financial Institutions. Mr. Salunkhe assured willingness of the Chamber to help the SME Sector to resolve problems and issues faced by them concerning Government Departments, Banking Sector or any other agencies. He explained in detail about various support services provided by the Chamber such as assistance to channelise trade finance, working capital, venture capital, private equity, L.C. discounting etc. Mr. Salunkhe also provided information about the Chambers role and specific support services available for the new generation entrepreneurs and specially for the women entrepreneurs to make them globally competitive.



Mr. Dinesh Rai, Secretary, Ministry of MSME, Government of India appreciated the organisation of the 6th International Conference on "SME Financing, Better Banking Regulations and Integration of SMEs" and hoped that the deliberations in the Conference would pave a new beginning for the Indian MSME sector. In view of the vital role of MSMEs in generation of employment, dispersal of economy and utilisation of resources, Government is providing support for finance, technology / quality upgradation, infrastructure and marketing, to enhance their

competitiveness in global environment. MSMEs share in bank credit has declined in the last few years. Since MSMEs is an important business segment for the banks, special measures for lending to the sector should be designed and implemented. The existing policy stipulates that 60% of the total MSME lending should go to the micro enterprises. However, overall percentage has been less than 50% in the last few years. He therefore, urged the banks to give focused attention to lending to the MSME sector, particularly the micro enterprises. The problem of collateral security for MSME loans remains. To ensure better credit to MSEs while minimizing the risk perception of banks in lending without collateral security, the Government of India and SIDBI have jointly set up Credit Guarantee Trust for Micro and Small Enterprises to provide guarantee cover up to Rs.50 lakh.



Mr. Rajinder Singh, Chairman and CEO, Global Absolute Group introduced the Global Absolute Group as one of the fastest emerging financial service providers in India. The group experienced in global financial domain is now in India to provide financial services of international standard and provide macro and micro research in areas of economy, industry and equity. Global Absolute covers various sectors like Technology oriented, Chemicals, Pharmaceuticals, Banking, Infrastructure, Media, Energy, Consumer Goods, and Manufacturing and is focused on providing

accurate, authentic, reliable, and timely data and reports to maximize investment returns by imparting core fundamental research on small and mid cap companies. Mr. Rajinder Singh announced that they would be working in close coordination with SME Chamber of India for assisting the Indian SMEs to avail timely and adequate finance from a wide range of global investors. He invited the participant SMEs to approach SME Chamber of India for guidance and assistance from Global Absolute.



Mr. Muruga Thambiran S. - Head Business Banking, Barclays Bank PLC highlighted the vital role played by the SME Sector as global players. He cited examples of Infosys, Bharati, Zee TV, Big Bazar, Wipro, P & G etc. that started as SMEs and now grown into mega organisations to the level of topmost global players. Various opportunities and challenges faced by Indian SMEs were discussed in detail. Though the opportunities have enhanced, challenges faced by the SMEs for accomplishing the progress have also increased manifold. A major constraint being timely access to finance, the

importance of the role of banking sector to support SME Sector was deliberated in detail. Mr. Thambiran reiterated Barclay Bank's endeavours towards promotion of SME Sector through participation in international trade fairs, seminars on topics pertinent to SMEs, business match making and creating online community for any time interaction. He explained wide range of SME oriented products of Barclay Bank and assured all assistance and support of the Bank to SMEs for taking advantage of various financial products to develop both domestic and international trade.

Plenary Session I : Risk Management Frame Work for SME Financing



Mr. B. S. Maan, AGM, Export Credit Guarantee Corporation of India Ltd. spoke on “Export Credit Risk Management”. He informed about the establishment of ECGC in 1957, which has now expanded to 51 Branches, almost all being ISO certified. He described in details the types of risks covered by ECGC. These included Political risks such as War, Import Restrictions and Exchange transfer delay embargo and Commercial risks like Insolvency, Default and Repudiation. The Type of cover and the Types of policies offered to exporters & bankers by ECGC were also described in detail.



Mr. Rajesh Dubey, CEO, SME Rating Agency of India Limited (SMERA) spoke on “Role of Credit Rating Agencies in Empowering SMEs”. While emphasizing the importance of credit rating in financing SMEs. He stated that 13 Million MSMEs in India constitute over 80% of industrial enterprises. MSMEs are the backbone of industrial activity with large shares in industrial output, GDP and the overall exports from the country. MSMEs are the biggest employers in India next only to agriculture sector. He discussed the strengths and challenges faced by SMEs in the environment of Liberalization, Privatization and Globalization. SMEs expect timely & reasonably priced adequate credit & lesser collateral requirement. SMERA's role is to enhance credit worthiness of SMEs through ratings.



Mr. Subba Rao, CEO, The Banking Codes and Standards Board of India informed that the Banking Codes and Standards Board of India, was constituted by RBI and the participating banks as promoters to lay down the code for banking transactions in the country. The member Banks are committed to abide by the codes laid out by the board, to be chaired by a former RBI deputy governor. A recent issue addressed by the board was regarding the account opening forms of banks which required customers to furnish personal information not related to banking, which have now been reduced to the residential proof and identity of the person. The board is also likely to make banks responsible for the behaviour of the DSAs employed by banks for various businesses like personal loans, credit cards, etc.



Dr. Amarendra Sahoo, Chief General Manager, Reserve Bank of India said that SMEs have inadequate access to finance due to lack of financial information and non-formal business practices. SMEs also lack access to private equity and venture capital and have a very limited access to secondary market. He listed the measures taken by the banks to focus on credit and finance requirements of SMEs. Public Sector Banks are to fix targets for funding SMEs. Commercial banks are to provide credit to at least 5 new MSMEs at each of their branches per year. He informed that RBI has constituted Empowered Committees on SMEs to review the progress in SME financing as also rehabilitation of sick SSI/ME units. Also, Public sector banks have been advised to open at least one SME specialised branch in each district.

Interaction with Speakers



Namibian Parliamentary Delegation to the Conference



Hon. Mr. Peya Mushelenga, MP, Chairperson, Parliamentary Standing Committee on Economics & Natural Resources, Hon. Ms. Clara Bohitile, MP, Deputy Chairperson, Hon. Mr. Arnoldt Ranongouje Tjiuiko, MP, Ms. Jenni H. Jacobs, Principal Parliamentary Clerk and Mr. Jakova Katuamba, Commercial Counsellor with Mr. Chandrakant Salunkhe, President, SME Chamber of India in the picture

Plenary Session II : SME Finance – Private Equity and Venture Capital Partnership



Mr. Vyapak Desai, Senior Associate, Nishith Desai Associates spoke on “Legal Aspects of Private Equity and Venture Capital”. He pointed out that the Private equity investment in India shot up by over 230% in 2006. India's PE is expected to hit \$20 billion mark in 2008 and touch \$48 billion mark by 2010. He also discussed Instruments of Investment, Legal Issues, Contract Negotiation Process, Negotiation Strategies, Liquidation Preference and Exit Options and emphasized the need to have a good lawyer for understanding of PE and VC industry, industry in which investee company operates, commercial and deal terms and to implement good negotiation strategy.



Mr. Tony Singh, Director, Global Absolute Group spoke on “Insights into the World of SME Investment”. Observing that SMEs contribute nearly 80% major Economic countries GDP, he listed the support by Governments to SME's including support mechanism such as Business Centres, Free advisory services etc., and the private support of SME's such as Angel, VC & PE, the thriving, integrated funding systems. In India, SME's contribution to progress has been phenomenal with 30-40% of value contribution to manufacturing sector, 55% to industrial production and 9% to the GDP. He concluded by giving details of joint initiatives by Global Absolute and SME Chamber of India for making adequate finance available to the needy SMEs.



Mr. Ajit Anekar, Partner, Kochhar & Co. Mr. Anekar brought out the differences between Private Equity & Venture Capital. Basically, Venture Capital is a subset of Private Equity with the common objective to maximize return on the capital. However, VC Funds are invested at an early stage in seed, start-up or early stage companies involving high risk compared to the PE Funds, which are invested in high-growth companies at later stage and are less risky compared to VC Funds. He also discussed about the Deal Process, Documentation and Key Contractual Issues and highlighted factors in India's favour.



Mr. Ajay Kapur, Chief Executive Officer, SIDBI Venture Capital Ltd. He spoke on the importance of an active Venture Capital environment for India with its large pool of skilled manpower and need of risk capital in a conservative financial system to implement innovations for creating new industry sectors. He elaborated the key investment criterion and role of VC in technology innovation. Mr Kapur described the role of SIDBI to promote VC for SMEs since 1992, committing around Rs. 600 crore to VC funds. SIDBI has also set up SIDBI Venture Capital Ltd - a wholly owned subsidiary of SIDBI, to carry out business of setting up, advising and managing Venture Capital funds.

Plenary Session III : Empowerment Of SME Sector – Our Role



Mr. T. S. Krishnawamy, DGM (Trade and Services), SBI pointed out the present scenario of world trade in the light of new opportunities and constraints of globalisation. The importance of SMEs as a key business opportunity to the banks was highlighted. One major difficulty in the progress of SMEs was weakening of the urge to start new SMEs. In view of better avenues offered by white-collar jobs, present generation is not inclined to start SMEs. SBI is ardently looking for business from SMEs and has introduced many schemes for the development of SMEs through their SME divisions. Its long term measures for empowering SMEs and encourage prospective entrepreneurs include helping with preparation of project reports to enhance viability of the first generation entrepreneurs' projects.



Mr. S. R. Rao, Executive Director, Export-Import Bank of India spoke on "Empowerment of SME Sector: Role of Exim Bank". He pointed out that the impact of Globalisation of the world economy has increasingly drawn the SMEs into global value chains and at the same time facilitated access to global markets. Globalisation has also posed challenges and threats to SMEs due to exposure to international competition. He informed that Exim Bank of India was established for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade.



Ms. Mala Sampat, Proprietor, Mala Sampat & Co. spoke on "Finance for Import of Capital Equipment". She discussed in details the short term options (up to 3 years), including Supplier's Credit and Buyer's Credit and Medium to Long Term Options (5.5 – 7 years) including Export Credit Agency Financing (ECA) and External Commercial Borrowing (ECB). The key advantages of finance for import of capital equipment were highlighted to be the availability of up to 85% finance for imported U.S. / Canadian / German procurement with minimal restrictions/covenants in the loan agreement and diversification of funding base.



Mr. O.P. Joshi, Head & Director (Mumbai Region), National Productivity Council spoke on "Empowerment of SME sector - productivity for competitiveness". He talked about the challenges to SMEs, such as escalating costs of material, energy, labour, capital and infrastructure, the constraints due to marketing and working capital requirements and the need for innovation, upgradation of technology and clean & green technology & products. He described the role of productivity in all its dimensions such as Resource Utilization & Waste Reduction, Labour Productivity, Material Productivity, Capital Productivity and Utilities Productivity.



Mr. T. R. Bajalia, Chief General Manager, Head - SME, IDBI Bank spoke on "SME - Critical engine of India's growth". He stated that Small and Medium industries drive India's growth and are an important target segment for Banks. Introducing IDBI Bank as a superior platform to serve SMEs, he highlighted IDBI Bank's offering for SMEs. Mr. Bajalia listed various suggestions for the guidance of SMEs.



Mr. Maheshkumar
Director & General Secretary
India International Trade Centre



Mr. V.K Venkatachalam
Secretary General
SME Chamber of India

6th National Level SME & Entrepreneurship Excellence Awards Presentation Ceremony



Mr. Gajanan V. Pimpale
CMD, Suyash PET International, Mumbai



Mr. Raminder Singh Mago,
MD, Almighty Auto Ancillary Pvt. Ltd., Mumbai



Mr. Jatin Somaiya,
MD, Synoprene Polymers Pvt. Ltd., Thane



Mr. Vivek Virkar
Director, Vcoor Paacksys Pvt. Ltd, Mumbai



Mr. Yogesh Lakhani
CMD, Bright Outdoor Media Pvt Ltd., Mumbai



Mr. Shantaram Yadav
Director, Silver Star Alloys Pvt Ltd., Pune



Mr. Narayan B. Shetty
Chairman, Triveni Management
Consultancy Services Pvt Ltd., Mumbai



Mr. Shivaajirao Chamkire
CMD - Influx Group, Pune
Felicited as the
Visionary Businessman of the Year Award

For More Information Please Contact

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