



India: Micro, Small, and Medium Enterprise Development Project - Project Loan

Project Name	Micro, Small, and Medium Enterprise Development Project - Project Loan				
Project Number	43158-013				
Country	India				
Project Status	Closed				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 2617-IND: Micro, Small, and Medium Enterprise Development Project - Project Loan</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 50.00 million</td> </tr> </table>	Loan 2617-IND: Micro, Small, and Medium Enterprise Development Project - Project Loan		Ordinary capital resources	US\$ 50.00 million
Loan 2617-IND: Micro, Small, and Medium Enterprise Development Project - Project Loan					
Ordinary capital resources	US\$ 50.00 million				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development Private sector development				
Sector / Subsector	Finance - Small and medium enterprise finance and leasing				
Gender Equity and Mainstreaming	Gender equity				
Description	The Project Loan of \$50 million, with a guarantee from the Government of India, aims to help Small Industries Development Bank of India (SIDBI) in reaching out to the "missing middle" - i.e. small borrowers or micro-enterprises who have grown too large for traditional microfinance support, but remain unable to access more conventional bank financing. At least 30% of the Project loan will be used by SIDBI for direct financing of deserving micro-enterprises. For its direct lending operations, SIDBI will ensure that at least 30% of the subborrowers are qualified women MSME entrepreneurs. Upto 70% of the Project Loan will be used by SIDBI for indirect financing of microenterprises through eligible participating financial institutions (PFIs) which could either be scheduled banks, non-bank financial companies, or microfinance institutions. Twelve states (Andhra Pradesh, Assam, Bihar, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal) are eligible to receive direct or indirect assistance through this Loan.				
Project Rationale and Linkage to Country/Regional Strategy	The small and medium enterprises (SME) sector in India plays a vital role in the growth of the country. At the time of project processing, the SME sector in India accounted for around 95% of industrial units, 45% of gross industrial production, 40% of exports, and provided direct employment to 42 million persons in around 12.8 million registered SME units. This intervention is part of ADB's response to requests for financing from the Government, SIDBI, and Indian public sector commercial banks to support efforts to remove constraints to MSME access to finance, and to foster SME development. Support for the MSME sector has been a critical element in all of India's five year plans. The proposed project is therefore strongly aligned with India's development priorities. It is also in line with the poverty reduction strategy of ADB which states that ADB should promote "sound and efficient banking systems and capital markets" since these are seen as "being indispensable for macroeconomic stability, mobilizing savings, and ensuring availability of long-term financing, an essential requirement for pro-poor growth."				
Impact	Help MSMEs in India realize their full potential, thereby assisting MSMEs in India to be fully developed, especially those led by female microentrepreneurs				

Project Outcome

Description of Outcome	Improved MSME access to commercial financing and market opportunities, thereby fostering MSME growth, competitiveness, and employment creation
Progress Toward Outcome	US\$25.4 million has been disbursed for the financing of 3,409 MSMEs through direct financing and indirect financing (through 4 PFIs).

Implementation Progress

Description of Project Outputs	Enhance credit delivery through SIDBI and PFIs in the MSME sector Increase of SME productive and managerial capacity and related new jobs created for new markets Participating banks will increase their MSME portfolios through the use of ADB's PCG
Status of Implementation Progress (Outputs, Activities, and Issues)	US\$ 25.4 million has been disbursed. Total number of subprojects benefited is 3,409. Women subborrowers constitute 11% of the total subborrowers. PCG is not applicable to the ADB Loan to SIDBI.
Geographical Location	Rajasthan, India

Safeguard Categories

Environment	FI
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	SIDBI has developed and adopted an Environmental and Social Safeguards Framework (ESSF). SIDBI is also providing support to its PFIs, for putting in place systems for environmental compliance. The PFIs will also be encouraged to put in place ESSF.
Involuntary Resettlement	No involuntary resettlement will be triggered.
Indigenous Peoples	No impacts on indigenous people/scheduled tribes are anticipated.

Stakeholder Communication, Participation, and Consultation

During Project Design	
During Project Implementation	

Business Opportunities

Consulting Services	Any consultants will be recruited in line with ADB's Guidelines on the Use of Consultants (2007, as amended from time to time).
Procurement	All procurement to be financed under an ADB loan will be carried out in accordance with ADB's Procurement Guidelines (2007, as amended from time to time).

Responsible Staff

Responsible ADB Officer	Singh, Shalini
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	<i>Small Industries Development Bank of India MSME Development Centre, Resources Mgt. Dept, 4th Flr, Plot No. C-11, 'G' Block Bandra Kurla Complex Bandra (East) Mumbai</i>

Timetable

Concept Clearance	08 Jun 2009
Fact Finding	24 Aug 2009 to 04 Sep 2009
MRM	12 Oct 2009
Approval	26 Feb 2010
Last Review Mission	-
PDS Creation Date	08 Jul 2009
Last PDS Update	27 Mar 2015

Loan 2617-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Feb 2010	19 Mar 2010	17 May 2010	30 Jun 2015	-	30 Jun 2015

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	50.00	Cumulative Contract Awards			
ADB	50.00	26 Feb 2010	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	26 Feb 2010	35.71	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	Satisfactory	-	Satisfactory

Project Page <https://www.adb.org/projects/43158-013/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=43158-013>

Date Generated 18 April 2017

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.