

What is SIDBI & its Functions

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This article is helpful for SIDBI Grade A and other regulatory exams, students, to have a detailed information about SIDBI, its history, its schemes and its subsidiaries.

Small Industries Development Bank of India (SIDBI) was set up on 2nd April 1990 under act of parliament. It acts as the Principal financial institution for financing of MSMEs.

SIDBI Chairman: Sivasubramaniam Ramann

How SIDBI lends and helps the MSME section?

1. Indirect Lending: Through banks, NBFCs, it gives loans to MSMEs.
2. Direct lending: Bridges gaps of funding through direct lending
3. Funds of funds: Startups are supported through funds of funds channel
4. Promotion and development: Through credit plus Initiatives
5. Facilitator: acts as nodal agency for Government schemes

What is the shareholding of SIDBI?

The share holding pattern of the SIDBI :

1. Government of India: 20.85%
2. State bank of India: 15.65%
3. LIC: 13.33 %
4. NABARD: 9.36%
5. others: 40.81 %

Historical Journey of SIDBI:

- Setup on 2nd april 1990
- **1992: Introduced bills discounting of MSE vendors.**
 - Bill discounting explained through the example: There is papad making factory owner who sold his papad to a caterer company. The caterer company gave him assurance that after 2 months it will give the payment till then it gives bill to the papad owner. But papad owner needs money to buy the raw material so it goes to the bank and gives the bill. Bank agrees to take the bill and in exchange it gives cash but at a discount. The bank will now get full payment from caterer company thus getting a profit. This process is called Bill discounting.
- 1994: Introduced micro credit scheme
- **1999:SIDBI Venture Capital Limited:**
 - SIDBI Venture Capital Limited (SVCL), incorporated in 1999, is an investment management company and a wholly owned subsidiary of SIDBI. SVCL has managed funds focussed on different themes including Startups/ early stage technology businesses, manufacturing SMEs, service entities, agri businesses, financial inclusion companies, etc

- **2000: CGTMSE:**
 - Credit Guarantee Fund Scheme (CGS) for Micro and Small Enterprises to make available **collateral-free credit to the micro and small enterprise sector.**
- **2005: SMERA (now ACUIE) and ISTSL:**
 - SMERA: SME rating agency
 - India SME Technology Services Limited (ISTSL) to strengthen and accelerate the process of technological modernization in the MSME sector
- **2008: ISARC:**
 - ISARC is the country's first ARC supported by a large number of public sector banks and undertakings. It will strive for speedier resolution of NPAs with a focus on MSME sector.
- **2010: NTREES**
 - an online bill discounting platform, was being operated by NSE with SIDBI as a single financier since 2009. NTREES was based on Reverse Factoring model followed by NAFIN
 - in Mexico
- **2012: PSIG**
 - SIDBI has been implementing the “**Poorest States Inclusive Growth (PSIG) Program**” funded by UK Government. aimed at enhancing income and employment opportunities of the poor, especially women, in four poorest States of Bihar, MP, Odisha and UP by enabling the target group to participate and benefit from wider economic opportunities and growth. The program has come to a successful end in March 2020. To take the PSIG legacy forward, Swavalamban Resource Facility (SRF) has since been launched within the P&D Vertical of the Bank.
- **2015: MUDRA:**
 - MUDRA, which stands for Micro Units Development & Refinance Agency Ltd., is a financial institution set up by Government of India for development and refinancing of micro units enterprises
- **2016: RXIL TReDS and Standupmitra Platform**
 - Receivables Exchange of India Ltd (RXIL) was incorporated on February 25, 2016 as a joint venture between Small Industries Development Bank of India (SIDBI) – the apex financial institution for promotion and financing of MSMEs in India and National Stock Exchange of India Limited (NSE) – premier stock exchange in India. RXIL operates the Trade Receivables Discounting System (TReDS) Platform as per the TReDS guideline issued by Reserve Bank of India (RBI) on December 3, 2014. It is the first entity to receive the approval from RBI on December 01, 2016 to launch India's First TReDS Exchange.
 - Standup mitra platform to facilitate Standup India scheme
- **2017: Udyamimitra Portal**
 - Udyamimitra Portal is an enabling platform, aims to provide 'End to End' solutions not only for credit delivery but also for the host of credit plus services by way of handholding support, application tracking, multiple interface with stakeholders (i.e. lenders, service providers, applicants)
- **2018: Launched PSBloansin59minutes, MSME Pulse, Crisidex and Swavalamban**
- **2019: Microfinance pulse**
- **2020: Launched Fintech Pulse and Industry Spotlight**