

FISME Proposes Equity Fund To Ease Financing Woes Of Struggling MSMEs

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New Delhi, Apr 27 (KNN) India's leading Micro, Small and Medium Enterprises (MSME) body has proposed the establishment of a specialised commercial bank and new legislation to improve access to credit and address payment delays plaguing these businesses.

In its submission to the government, the Federation of Indian Micro and Small & Medium Enterprises (FISME), representing nearly 2 million MSMEs nationwide, called for setting up a dedicated bank to streamline lending to the sector.

To facilitate broader capital raising options, FISME proposed an equity guarantee fund to cover risks for investors in the equity financing of these small businesses.

It noted that cash-strapped MSMEs with unhealthy balance sheets find it difficult to raise funds through traditional equity routes.

According to FISME, the proposed measures aim to resolve India's "missing middle" problem, where promising small enterprises fail to grow into mid-sized companies due to a lack of growth capital, leaving them stunted or "dwarfs".

The submission comes amid growing policy focus on easing credit access, compliance burdens and operational hurdles for MSMEs - a vital segment driving employment, exports and economic momentum.