

थन/Place: Mumbai

तारीख/Date:-- 20.07.2018

Press Release

Bank of Baroda signs MoU with 10 companies to support Micro-Entrepreneurs

Mumbai, 20 July 2018: Bank of Baroda, India's leading public sector bank, held the Micro-Entrepreneurs Conclave, 2018 to commemorate its 111th Foundation Day and in an effort to emphasise the institution's commitment to promote micro and small business entrepreneurs, the Bank entered into a Memorandum of Understanding (MoU) with 10 companies ranging from segments as diverse as e-commerce, logistics, service providers and traditional small business.

Micro and small enterprises are the backbone of the Indian economy and this sector contributes approximately 31% to India's GDP, 45% of exports and provides employment to over 100 million. Rapid advances in information technology have given rise to new business opportunities in the MSME segment, especially around organized retail, ecommerce, entertainment etc. and their derivative segments. This has resulted in emergence of "Twin-Tracks" in the MSME segment, one comprising of old economy enterprises and the second comprising new age economy.

The challenges for the old economy lending are thin balance-sheet, non-availability of authentic data and lack of collaterals where mitigation is done through ring fencing of cash flows, corporate tie-ups, individual/portfolio guarantees under MUDRA, Stand-Up India and CGTSME schemes. The new economy enterprises on the other hand require a paradigm shift in the process of credit underwriting. The business models of these companies, calls for development of credit models based on turnover, cash flow, digital data points and alternate data as compared to the earlier practice of balance sheet based lending.

Speaking on the occasion Mr. P. S. Jayakumar, MD & CEO, Bank of Baroda said, "We are committed to work jointly with various partners to support MSMEs and Start Ups. We have entered into these MOUs with a view to enhance our foot print in delivery of products and services in MSME ecosystem. This is an endeavour to simplify operational processes and to improve access to finance for MSMEs from early to growth stage. Throughout FY18-19 we will continue to launch various initiatives in this direction that will support ecommerce and their derivative segment"

As one of the leading Banks in the country, Bank of Baroda has been in the forefront in ensuring smooth flow of credit to MSME segment through various initiatives. The Bank has developed structured products and realigned processes that enables MSME to access credit seamlessly. As on 31st March 2018 the Bank has financed about 5.37 lakh micro entrepreneurs with aggregate outstanding of Rs. 32,766 crore.

Mr. Mayank Mehta, Executive Director, Bank of Baroda said, "Technological developments have resulted in a paradigm shift in the economy. Emerging new business revolving around organised retail, ecommerce, entertainment etc. have provided wealth of opportunities to micro entrepreneurs to

expand their market and customer base without having any physical setup. Bank of Baroda is redefining the credit underwriting process by utilising latest technology, platform data for assessments and monitoring thus supporting new business segments that are emerging in the gig economy.”
The partnerships which can be classified as belonging to “**Twin Tracks**” comprising old economy and new economy are as under

NEW ECONOMY		
S No.	Partner	Proposition
1	Flipkart	Offering collateral free working capital loan to merchants selling on their platform.
2	Swiggy	Offering two wheeler finance to their driver partners.
3	Xpressbees	
4	Carzonrent	
5	Uber	Offer financing of cars, 3 wheelers and refinancing to existing driver partners.
6	Oyo	Offering finance for refurbishment/renovation to their hotel partners.
7	Progcap	Offering last mile retailer finance to buyers of established corporates in partnership with Progcap.

OLD ECONOMY		
S No.	Partner	Proposition
1	DICCI	Finance purchase of bulk LPG carriers by their members who have been allotted LOI by Oil companies.
2	Lava	Offering working capital finance to their retailers.
3	Javedhabib	Offering loans to the existing and new franchisees.

Sd/-

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BCC/CPR/2018/468