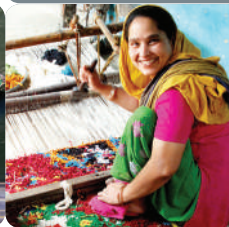
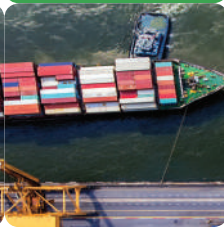
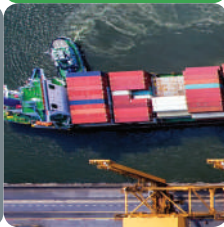
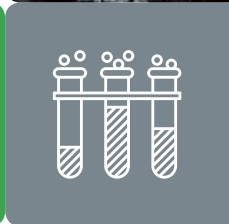




## Empowering MSMEs.



## Enabling Atmanirbhar Bharat.



## Progress at a glance

(₹crore)

As on March 31	1991	2017	2018	2019	2020	2021
Total Asset	5,309.19	79,682.33	1,08,869.45	1,55,860.83	1,87,538.98	1,92,322.44
Outstanding Portfolio	5,176.8	68,289.6	95,290.7	1,36,230.37	1,65,421.56	1,56,232.79
Capital - Authorised	500.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
- Paid-up	450.0	531.92	531.92	531.92	531.92	531.92
Reserves and Funds	44.9	13,069.5	14,359.98	16,153.16	18,465.54	20,756.28
Total Income (Net of provisions)	425.1	6,266.5	6,555.73	9,918.86	11,137.32	10,250.38
Net Profit	35.6	1,120.2	1,429.2	1,952.21	2,314.52	2,398.27
Dividend to Shareholders	5.0	93.9	137.7	165.12	0	106.38
Return on Avg. Outstanding Portfolio (%)	0.7	2.5	2.56	2.06	1.89	2.03
Standard Assets as percentage of net outstanding portfolio	100	99.56	99.74	99.79	99.60	99.88
Capital to Risk Assets Ratio (%)	13.9	28.42	26.73	27.11	26.62	27.49

## Performance for the year

(₹crore)

Particulars	Outstanding amount as on March 31, 2020	Outstanding amount as on March 31, 2021
<b>I. Indirect Credit</b>		
a. Refinance to Banks, SFBs, FIs	1,43,232.64	1,31,664.02
b. Assistance to MFIs	1,821.0	1,672.32
c. Assistance to NBFCs	10,374.97	11,292.14
<b>Total Indirect Credit</b>	1,55,428.61	1,44,628.48
<b>II. Direct Credit</b>		
a. Loans and Advances	9,866.91	11,581.08
b. Receivable Finance Scheme & Bill Discounted	126.03	23.22
<b>Total Direct Credit</b>	9,992.94	11,604.31
<b>Grand Total</b>	1,65,421.56	1,56,232.79



To view our report online, please visit  
[www.sidbi.in](http://www.sidbi.in)

# Letter of Transmittal

July 22, 2021

The Secretary,  
Ministry of Finance,  
Government of India,  
New Delhi

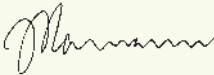
Dear Sir,

**Annual Accounts and Report of the Board on the working of SIDBI – FY 2020-21.**

In accordance with the Provisions of Section 30(5) of the Small Industries Development Bank of India Act, 1989, we forward herewith the following documents:

- (1) Copy of Annual Accounts of Small Industries Development Bank of India for the financial year ended March 31, 2021; and
- (2) A report on the working of the Small Industries Development Bank of India during the financial year ended March 31, 2021.

Yours faithfully,



**(Sivasubramanian Ramann)**  
Chairman & Managing Director

Encl.: As Above

## Board of Directors of SIDBI

(As on May 31, 2021)



**Shri Sivasubramanian Ramann**  
Chairman & Managing Director



**Shri V. Satya Venkata Rao**  
Deputy Managing Director



**Shri Sudatta Mandal**  
Deputy Managing Director



**Shri Devendra Kumar Singh**



**Shri Pankaj Jain**



**Shri G.K. Kansal**



**Shri V. Sathya Kumar**



**Shri L.R. Ramachandran**



**Shri G. Gopalakrishna**



**Shri Ashish Gupta**



**Smt Nupur Garg**

## Details of Board level Committees (As on May 31, 2021)

The Board held four meetings during FY 2021.

### Executive Committee [9 meetings]\*

- 1 Shri Sivasubramanian Ramann, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri G.K. Kansal
- 5 Shri V. Sathya Kumar

### Risk Management Committee [7 meetings]

- 1 Shri V. Sathya Kumar, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri G.K. Kansal

### Information Technology Strategy Committee [4 meetings]

- 1 Shri G Gopalakrishna, Chairman
- 2 Shri Sudatta Mandal
- 3 Shri V. Sathya Kumar
- 4 Shri Rajesh Doshi [External Expert]
- 5 Shri Pushpinder Singh [External Expert]

### HR Steering Committee (No meetings)

- 1 Shri Sivasubramanian Ramann, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri Pankaj Jain
- 5 Shri G.K. Kansal
- 6 Dr. Chitra Rao [External Expert]

### DMD-Management Committee [8 meetings]

- 1 Shri V. Satya Venkata Rao, Chairman
- 2 Shri Sudatta Mandal
- 3 Shri G.K. Kansal
- 4 Shri V. Sathya Kumar
- 5 Smt. Nupur Garg

### Nomination & Remuneration Committee (No meetings)

- 1 Shri Pankaj Jain
- 2 Shri L.R. Ramachandran
- 3 Smt. Nupur Garg

### Audit Committee [4 meetings]

- 1 Shri V. Sathya Kumar, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri Pankaj Jain
- 5 Shri Ashish Gupta

### Special Committee to Monitor Large Value Frauds [3 meetings]

- 1 Shri Sivasubramanian Ramann, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri Pankaj Jain
- 5 Shri G.K. Kansal
- 6 Shri V. Sathya Kumar

### Customer Service Committee [2 meetings]

- 1 Shri Sivasubramanian Ramann, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri G.K. Kansal
- 5 Shri V. Sathya Kumar

### Recovery Review Committee [2 meetings]

- 1 Shri Sivasubramanian Ramann, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri Sudatta Mandal
- 4 Shri Pankaj Jain
- 5 Shri G. Gopalakrishna

### Review Committee on Wilful defaulters & Non-cooperative borrowers (No meetings)

- 1 Shri Sivasubramanian Ramann, Chairman
- 2 Shri Ashish Gupta
- 3 Shri G. Gopalakrishna

### Committee on P&D Activities (No meetings)

- 1 Shri Devendra Kumar Singh
- 2 Shri Pankaj Jain
- 3 Shri V. Satya Venkata Rao

\*Number in bracket shows the meetings of the Committee held during FY 2021

## Chairman and Managing Director's Statement



**“ I am convinced that there could not have been a better opportunity than now, to ignite the transformational journey of a self-reliant India under the Atmanirbhar Bharat Mission. A growth journey based on our own capabilities and internal strength will be more inclusive and, undeniably, more stable. ”**

The financial year 2021 has proved to be very difficult from its previous years mainly due to onset of the dreaded coronavirus. This besides impacting and posing a grave threat for the humanity has also affected the livelihood and the economies in general. India is no exception and had to bear the brunt of this pandemic.

The resilience that the Indian economy has displayed during the COVID pandemic has reinforced my faith in its strong fundamentals and its capacity to bounce back from hardship.

The pandemic has impacted us gravely, but the prompt response to this adversity will define our future growth journey. Proactive measures from the Government, RBI and other stakeholders have been instrumental in the success of our fight-back. I am convinced that there could not have been a better opportunity than now, to ignite the transformational journey of a self-reliant India under the Atmanirbhar Bharat Mission. A growth journey based on our own capabilities and internal strength will be more inclusive and, undeniably, more stable.

At SIDBI, we have focused on supporting the MSMEs during the crises spawned by COVID; the most prominent and satisfying achievement of our organization is that we have been able to support MSMEs, Financial Intermediaries and other stakeholders through myriad initiatives. We concentrated on providing customized solutions for the varied needs of MSMEs. With the onset of the pandemic in March 2020, the Bank was one of the first institutions to introduce specialized funding schemes at softer rates to support those MSMEs directly engaged in fighting the pandemic. We continued these efforts and rolled out additional schemes

when the second wave of the pandemic struck. In these challenging times, more than ever, the promotional and developmental role of the Bank stand geared towards promoting entrepreneurship, engaging with stakeholders and handholding budding entrepreneurs.

The COVID pandemic has been the biggest driver of tech adoption on all fronts, be it in the lending space or in market-connect for business. The Bank, as the apex financial institution of the MSME sector, too has shifted gears, enhancing technology adoption for lending operations, as well as initiating constructive engagements on the digital front with stakeholders so as to create an enabling digital ecosystem for MSMEs. Aligning our efforts with the Government and regulator's digital initiatives, we aim to become a digital Bank in Direct and Institutional lending for MSMEs.

I am proud of the mettle that the Bank's employees have displayed in the face of adversity, and would like to thank them all for their commendable efforts to serve the MSME sector even better.

## Financial Performance

Despite the challenges posed by the pandemic, the Bank has continued its growth trajectory during the fiscal. Key financial highlights are as below:

- The Asset Base of the Bank stood at ₹1,92,322 crore at the end of FY 2021, a Y-o-Y growth of 2.6%.
- Loans and Advances stood at ₹1,56,233 crore at the end of FY 2021, a decline of 5.6% as compared to FY 2020.

- Net Interest Income for FY 2021 grew by 11.5% to ₹3,678 crore, driven by a 0.10% growth in Net Interest Margin.
- The Bank registered its **highest ever Net Profit** of ₹2,398 crore during FY 2021, an increase of 3.6% as compared to FY 2020.
- Earnings per Share (EPS) increased to ₹45.09 in FY 2021 from ₹43.51 in FY 2020.

## Business Performance

Institutional Finance accounts for 92% of the total outstanding portfolio of the Bank, which includes Refinance to Banks & FIs (84%), Assistance to NBFCs (7%) and Assistance to MFIs (1%). As at end of FY 2021, the Institutional Finance book stood at ₹1,44,628 crore, with 31 commercial banks, 10 SFBs, 71 NBFCs and 78 MFIs as live customers.

The Bank also provided liquidity support to financial intermediaries under RBI Special Liquidity Facility (SLF) Tranche-I of ₹15,000 crore. The facility has since been utilized by the Bank. In consideration of the Bank's request, RBI has further provided SLF-II of ₹15,000 crore to address liquidity concerns of intermediaries during FY 2022, and SLF-III of ₹16,000 crore for innovative schemes to meet short and medium-term needs of the MSME sector, especially smaller MSMEs, in credit deficient and aspirational districts. Under SLF-III, the Bank aims to assist smaller NBFCs and MFIs operating in unserved/underserved regions, directly or through intermediation, in order to reach out to a large number of MSMEs.

Direct Finance operations of the Bank have been instrumental in supporting MSMEs in

these challenging times. The Bank addresses varied needs of MSMEs with its wide product bouquet and partnership arrangements, through simple processing and quick turnaround time. During the fiscal year, the outstanding portfolio under Direct Finance (excluding RFS) grew by 17.4% to ₹11,581 crore, and the customer base increased by 19.9% to 7,910. The highlight of the operations during the fiscal was specialised products rolled out at softer rates to help MSMEs stand up to the pandemic. The Bank also rolled out two new schemes to support MSMEs during the second wave, viz., SHWAS and AROG.

As I mentioned, going forward, we aim to provide a seamless digital credit experience to MSMEs from loan origination to credit delivery with the use of data and superior risk modelling in both credit underwriting as well as monitoring stages.

Under venture capital operations, the Bank is running Fund of Funds for Startups (FFS), ASPIRE Fund (AF) and UP Startup Fund. As on March 31, 2021, under FFS, cumulative approvals to the tune of ₹5,409.45 crore and disbursements of ₹1,484.75 crore have been made to 71 AIFs. Under UP Startup Fund, as on March 31, 2021, ₹20 crore have been committed to two AIFs.

### **Promotional and Developmental Initiatives**

The Promotional and Development activities of the Bank are woven around strengthening the enterprise value chain by addressing financial and non-financial gaps in the MSME ecosystem, especially at the bottom of the pyramid. A slew of initiatives is being undertaken under P&D operations for kindling entrepreneurship in youth, and towards inclusive and innovative engagements for reaching out to micro and

budding entrepreneurs in the underserved segment. We have an umbrella mission, Swavalamban, under which various initiatives are undertaken to transform the youth from being job seekers to job creators, from being dependent on others to becoming self-reliant, from being employees to becoming entrepreneurs – in short, becoming Swavalambi.

The five pillars of Mission Swavalamban, viz., Sampark, Samwad, Suraksha, Sampreshan and Sangam, are the key guiding themes of the Bank's P&D activities. As the name suggests, initiatives are set-up under each guiding theme, and then stepped-up depending on the impact and scalability of the initiative. These initiatives are undertaken by leveraging the visible networks at the national, regional and local levels, and the outcomes are aligned with the national/state development missions.

Some key initiatives that have been scaled up include setting up of Swavalamban Silai Schools in partnership with Usha International in 1,638 villages, Swavalamban Connect Kendra in 100 districts, organizing 15 E-Udyam

“ As I mentioned, going forward, we aim to provide a seamless digital credit experience to MSMEs from loan origination to credit delivery with the use of data and superior risk modelling in both credit underwriting as well as monitoring stages. ”



Sangyan on new-age digital platforms and corporate governance, organizing Bank Sakhi Programme in 36 districts of Bihar, setting up Swavalamban walls and clubs in colleges, bringing the EU Switch Asia Bamboo Project to nine backward states including five in NER, holding the Swavalamban Mela, etc.

The Bank has also set up Project Management Units in 11 states for strengthening the MSME ecosystem and for transferring good practices of one state to another through learning sessions. The Swavalamban Crisis Responsive Fund set up by the Bank aims to support free on-boarding of MSMEs on the TReDS platform. The Bank has on-boarded 11,600-plus MSMEs on the TReDS platform. We shall continue to explore new initiatives to address non-financial needs of the MSME ecosystem.

### **Thought Leader & Facilitator Role**

As a Thought Leader, we have embarked upon several initiatives in partnership with the credit bureau to address information asymmetry in the ecosystem. Our Knowledge products, viz., "MSME Pulse", "Microfinance Pulse" "CriSidEx", "Industry Spotlight" and "Fintech Pulse", are designed to provide key data insights to policymakers and stakeholders. These are being published in various Indian languages to reach a larger audience.

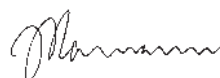
The Bank plays an important role in implementation of the Government's MSME-oriented schemes. Apart from schemes such as CLCSS, MSME-CDP, Interest Subvention Schemes and the Partial Credit Guarantee Scheme, the Bank has been assigned the role of implementation partner under PMSVANidhi Scheme of MoHUA, GoI, as well as the Animal Husbandry Infrastructure Development Fund (AHIDF) Scheme of MoFAHD, GoI.

### **Subsidiaries/Associates Network**

I would like to acknowledge the role of Associate and Subsidiary networks of the Bank, which creates the all-encompassing MSME ecosystem for meeting varied needs of the sector. CGTMSE has channelled credit to 51.42 lakh MSE loan accounts, with loan amount of ₹2.58 lakh crore disbursed as on March 31, 2021. MUDRA has provided refinance support of ₹12,303 crore during FY 2021, with special focus on NBFC and NBFC-MFIs. The RXIL TReDS platform has financed over 4,96,102 invoices, aggregating to ₹10,318.93 crore. SVCL currently acts as the investment manager for eight funds, with an outstanding corpus of ₹794 crore as of March 31, 2021. Rating agency AUCITÉ has assigned 50,000-plus SME ratings and 8,700-plus Bank Loan Ratings up to March 31, 2021. On the PSBLoansin59minutes platform, 3.97 lakh MSMEs have obtained in-principle approvals from the lender, out of which 3.15 lakh MSMEs have obtained their final sanctions as on March 31, 2021.

### **Way Ahead**

Going forward, we will continue to explore new engagements for the holistic development of the MSME sector, and will work to ensure that the growth journey of MSMEs in the wake of the pandemic is smooth and robust. At organizational level, our focus will be to enhance our reach through technology adoption and the skill enhancement of our employees.



**Sivasubramanian Ramann**

Chairman & Managing Director

## Directors' Report



**V. Satya Venkata Rao**

Dy. Managing Director

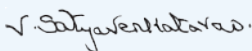


**Sudatta Mandal**

Dy. Managing Director

The Board of Directors of the Bank takes pleasure in presenting its Report on the overall business and operations of your Bank for the financial year ended March 31, 2021.

Over the past year, the Bank has focused on supporting the MSME sector during the COVID-19 pandemic through wide-ranging holistic initiatives. The activities of the Bank were aligned to the support measures of the Government and RBI, and every effort has been made to address issues faced by the sector. During the year, the Direct Finance operations of the Bank rolled out tailor-made schemes for those MSMEs engaged in fighting the pandemic, providing an early bird response to the contagion. The Institutional Finance operations focused on providing liquidity support to financial intermediaries, especially the lower-rated



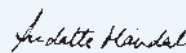
**V. Satya Venkata Rao**

Dy. Managing Director

NBFCs and MFIs, to ensure credit to last-mile MSMEs. The Promotional and Developmental activities were geared towards providing support to those whose livelihoods were affected by the pandemic, and in capacity-building of budding entrepreneurs.

Your Bank, being the apex body responsible for development of the MSME sector, has undertaken constructive engagements with various Ministries for effective delivery of Government schemes through digital interventions. The Bank's Udyamimitra portal has emerged as a virtual ecosystem that is being leveraged effectively by stakeholders for development of the sector.

The performance of the Bank for FY 2021 has been enumerated in detail in the following chapters of the Annual Report.



**Sudatta Mandal**

Dy. Managing Director

The highlights of the performance of the Bank during FY 2021 are indicated in the Part-I and the Audited Financials for FY 2021 are enclosed in Part-II.

## Abbreviations used

**AHIDF** – Animal Husbandry Infrastructure Development Fund

**AIF** – Alternate Investment Fund

**ALM** – Asset Liability Management

**ARM** – Asset Restructuring Module

**AROG** – SIDBI Assistance to MSMEs for Recovery & Organic Growth during COVID-19 pandemic

**ASPIRE** – A Scheme for Promotion of Innovation and Rural Entrepreneurship

**ASRLM** – Assam State Rural Livelihood Mission

**BCM** – Business Continuity Management

**CDFI** – Centre for Digital Financial Inclusion

**CLCSS** – Credit Linked Capital Subsidy Scheme

**COWE** – Confederation of Women Entrepreneurs

**CRR** – Cash Reserve Ratio

**CSAC** – COVID Startup Assistance Scheme

**CTF** – Clean Technology Fund

**CVPC** – Centralized Vendor Payment Cell

**DICCI** – Dalit Indian Chamber of Commerce and Industry

**DPIIT** – Department for Promotion of Industry and Internal Trade

**ECGC** – Export Credit Guarantee Corporation

**EESL** – Energy Efficiency Services Limited

**FPTUFS** – Food Processing Industry Technology Upgradation Fund Scheme

**GCF** – Green Climate Fund

**GEF** – Global Environment Facility

**HFCs** – Housing Finance Companies

**ICAAP** – Internal Capital Adequacy Assessment Process

**IDLSS** – Integrated Development of Leather Sector Scheme

**IMF** – International Monetary Fund

**IRMS** – Integrated Risk Management System

**MFI** – Microfinance Institution

**MSEs** – Micro and Small Enterprises

**MSE-CDP** – Micro and Small Enterprises Cluster Development Programme

**MSME** – Micro, Small and Medium Enterprise

**NBFC** – Non Banking Financial Company

**NDTL** – Net Demand and Time Liabilities

**NER** – North Eastern Region

**OEM** – Original Equipment Manufacturer

**ORM** – Operational Risk Management

**OTS** – One Time Settlement

**PLI** – Production-Linked Incentive

**PLIs** – Primary Lending Institutions

**PRSF** – Partial Risk Sharing Facility

**PSB** – Public Sector Bank

**RFS** – Receivable Finance Scheme

**ROA** – Return on Asset

**ROCE** – Return on Capital Employed

**ROE** – Return on Equity

**SAFE** – SIDBI Assistance to Facilitate Emergency response against corona virus

**SARB** – Specialized Asset Recovery Branch

**SFB** – Small Finance Bank

**SHPI** – Self Help Group Promoting Institution

**SHWAS** – SIDBI Assistance to Healthcare sector in War Against Second Wave of COVID-19

**SMA** – Special Mention Accounts

**SMILE** – SIDBI Make in India Soft Loan Fund for Micro, Small and Medium Enterprises

**TAT** – Turn Around Time

**TEQUP** – Technology and Quality Upgradation

**TReDS** – Trade Receivables Discounting System

**TRMV** – Treasury and Resource Management Vertical

**TUFS** – Technology Upgradation Fund Scheme

**TWARIT** – Timely Working Capital Assistance to Revitalise Industries in Times of corona crisis

**UNFCCC** – United Nations Framework Convention on Climate Change

**VCF** – Venture Capital Fund

**WCTL** – Working Capital Term Loan

## CHAPTER 1 MSME Outlook

### The Global Economy

World Bank<sup>1</sup> and IMF<sup>2</sup> projects strong recovery for global economy with growth projected at 5.6% and 6% respectively for Calendar Year (CY) 2021.

The growth rates are projected to be moderate to 4.3% and 4.4% in CY 2022 as per World Bank and IMF respectively.

### Domestic Economy

India's GDP growth in FY 2021 is estimated at -7.3% on account of COVID-induced lockdown during FY, as compared to 4.0% in FY 2020<sup>3</sup>.

Merchandise exports<sup>4</sup> for FY 2021 stood at ₹21.50 lakh crore as compared to ₹22.20 lakh crore during FY 2020, a contraction of 3.13% on a year-on-year (Y-o-Y) basis.

Exports during the April-June quarter of FY 2022 jumped to a record US\$95 billion – an increase of 85% over the corresponding period in FY 2021, and 18% over FY 2020<sup>5</sup>.

## MSME Sector

63.3 million

MSMEs



110 million people

Employment provided



30.27%

Contribution towards all-India GDP in FY 2019



49.7%

Contribution in all-India Export (in US\$ terms) during FY 2020



Retail and Wholesale trade also included in MSME for the purpose of Priority Sector Lending benefits.

<sup>1</sup> Global Economic Prospect, June 2021

<sup>2</sup> World Economic Outlook, April 2021

<sup>3</sup> Provisional estimates of GDP for Q4, FY 2021

<sup>4</sup> India's Foreign trade PIB, March 2021

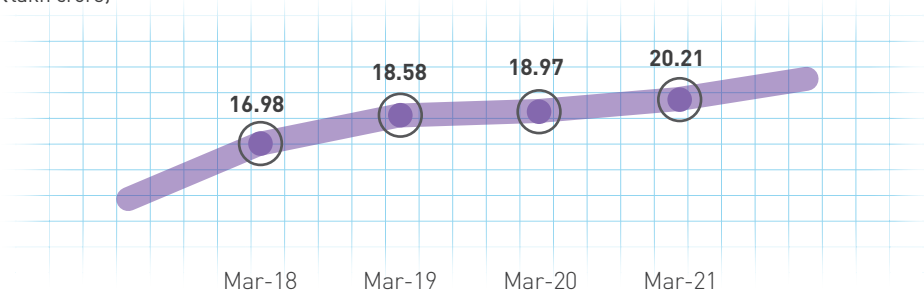
<sup>5</sup> India's Foreign trade PIB, June 2021

## Credit to MSME Sector

As per MSME Pulse, the credit to MSME sector (credit exposure up to ₹50 crore) stood at ₹20.21 lakh crore as on March 31, 2021, a Y-o-Y growth of 6.6%.

### Credit to MSMEs

(₹lakh crore)



In terms of proportionate share of lenders in overall MSME credit, Public Sector Banks contribute 48%, followed by Private Banks at 39% and NBFCs at 13%.

## Present state of MSME Sector and Relief Measures

Reform measures undertaken by the Government under the Atmanirbhar Bharat mission has provided a much-needed structural shift in the MSME sector in terms of market opportunities and government support. Reform measures for the MSME sector are listed below:

Emergency Credit Line Guarantee Scheme (ECLGS) has played a major role in the revival of economic activity by providing timely access to credit. The overall cap of ECLGS has been raised from ₹3 lakh crore to ₹4.5 lakh crore. Under ECLGS, ₹2.73 lakh crore has been sanctioned and ₹2.10 lakh crore disbursed<sup>6</sup>.

Upto ₹200 crore global tenders for government procurement disallowed to support Make in India.

₹20,000 crore subordinate debt with partial credit guarantee support to be extended to NPA/stressed MSMEs.

Equity infusion in ECGC over a 5-year period to boost export insurance cover by ₹88,000 crore.

₹1.10 lakh crore loan guarantee scheme for COVID affected sectors, of which ₹50,000 crore to be for health sector and ₹60,000 crore for other sectors including tourism.

<sup>6</sup> <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1730963>

## RBI Relief Measures for MSME Sector

Banks were allowed to deduct an amount equivalent to credit disbursed to new MSME borrowers up to ₹25 lakh per borrower from their NDTL for calculation of the CRR.

Special Liquidity Facility of ₹16,000 crore to SIDBI for innovative schemes to meet short and medium-term need of the MSME sector, especially smaller MSMEs in credit-deficient and aspirational districts.

The facility for restructuring existing MSME loans without a downgrade in asset classification.

Additional Liquidity support of ₹50,000 crore for fresh lending during 2021-22 provided to AIFIs: ₹25,000 crore to NABARD; ₹10,000 crore to NHB; and ₹15,000 crore to SIDBI.

On-tap liquidity window of ₹50,000 crore for ramping up COVID-related healthcare infrastructure and services in the country.

## MSME Outlook: The Way Forward

As the economy revival path unfolds, the MSME sector will be one of the key pillars to ensure that recovery is inclusive and sustainable. The dynamics of the MSME sector have changed for the better during the last year. Going forward, key driving forces for MSME sector will be:

### Ease of doing business for MSMEs

With GST having completed 4 years, linking of the sectoral definition with turnover will ensure easy identification, streamlining and last-mile delivery of benefits. Further, registrations on the Udyam portal will enable data-backed policy decision.

### Tech adoption

COVID pandemic has pushed companies into adopting tech platforms to access markets, bypassing geographical barriers. Going ahead, as the digital space grows, technology will enable MSMEs to be global players in the true sense.

### Fintech lending

With their capacity to dispense credit quickly and conveniently, fintech lending has the potential to transform the MSME lending landscape by delivering credit to last mile. The fintech space, though at a nascent stage, impetus of the Government and the regulators will provide it sustainable growth.

### PLI schemes

The Government announced an outlay of ₹1.97 lakh crore for PLI Schemes in 13 key sectors, for creating national manufacturing champions and generating employment opportunities.

PLI schemes will be a cornerstone to boost domestic manufacturing and will provide market opportunities to MSMEs.

Structural reforms have set the pace for MSMEs' journey towards unlocking their full potential and contributing to the vision of a US\$ 5-trillion economy. Union Budget, 2021-22 has provided much-needed growth stimuli for the sector, and the Atmanirbhar Bharat package has truly taken forward the long-term growth sustainability and profitability of MSMEs.

## CHAPTER 2 Business Initiatives and overall operations

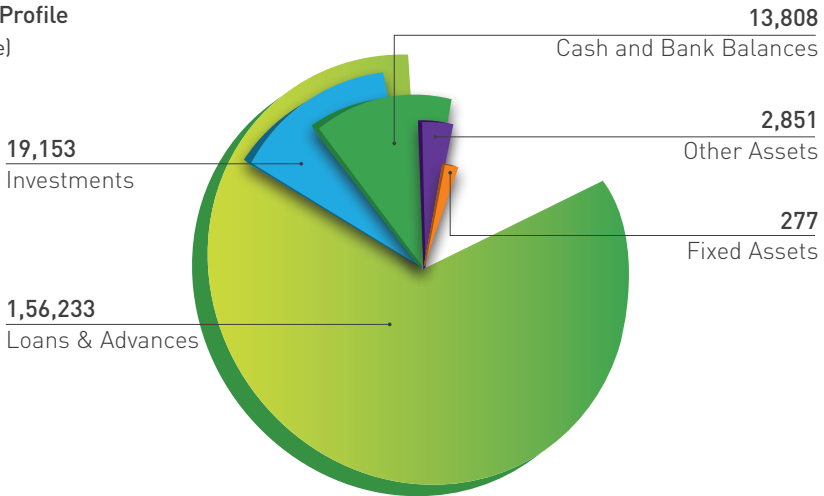
### Financial Performance

#### ASSET BASE

The Asset Base of the Bank, inching towards the landmark of ₹2 lakh crore, stood at ₹1,92,322 crore at the end of FY 2021, a Y-o-Y growth of 2.6%.

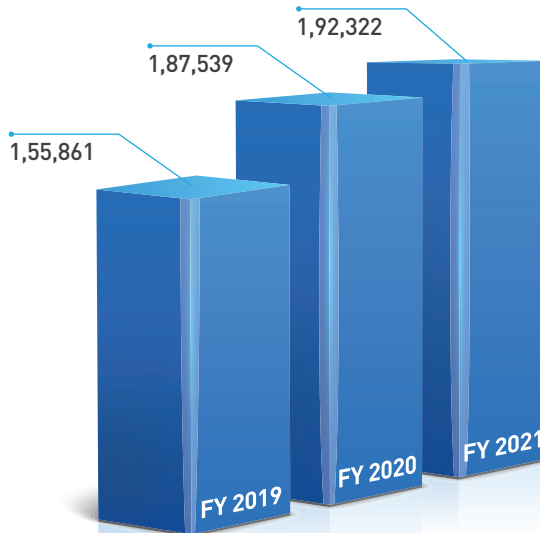
#### Asset Profile

(₹ crore)



#### Asset Base

(₹ crore)

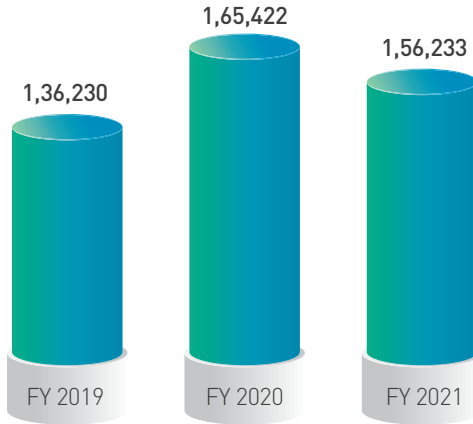




## LOANS AND ADVANCES

Loans and Advances stood at ₹1,56,233 crore as of March 31, 2021, a decline of 5.6% as compared to FY 2020.

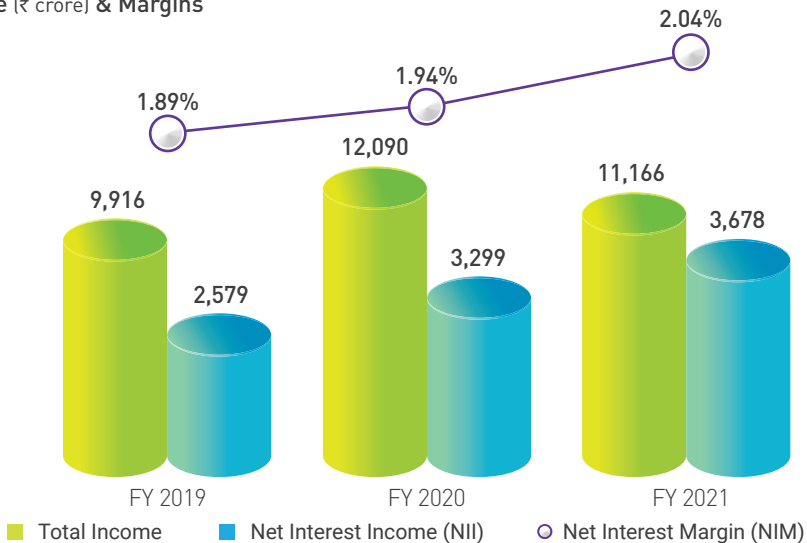
### Loans & Advances (₹ crore)



## INCOME AND MARGINS

Total Income for FY 2021 stood at ₹11,166 crore, a decline of 7.6% as compared to FY 2020. Net Interest Income for FY 2021 grew by 11.5% to ₹3,678 crore, driven by a 0.10% growth in Net Interest Margin.

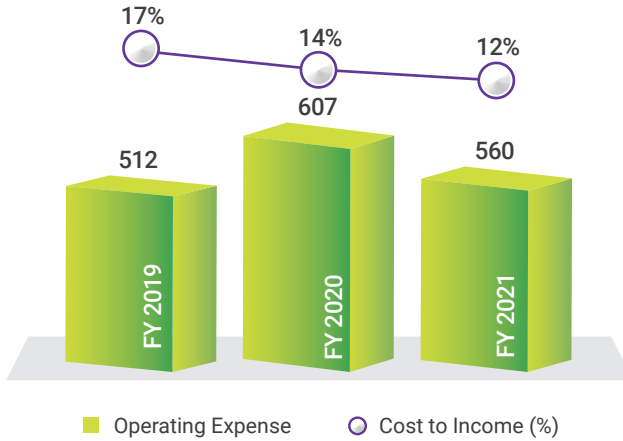
### Income (₹ crore) & Margins



## OPERATING EXPENSES & COST TO INCOME RATIO

Operating expense for FY 2021 was ₹560 crore, a Y-o-Y decline of 7.8% from FY 2020. The Cost-to-Income ratio improved by two percentage points in FY 2021 and stood at 12% on March 31, 2021.

### Operating Expense (₹ crore) & Cost to Income Ratio

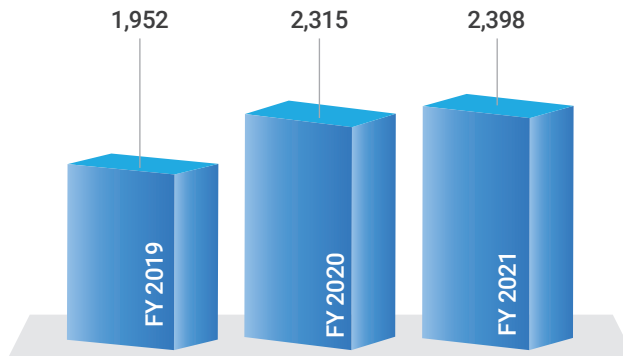


## NET PROFIT

The Bank registered its highest ever Net Profit of ₹2,398 crore during FY 2021, an increase of 3.6% as compared to FY 2020.

### Net Profit

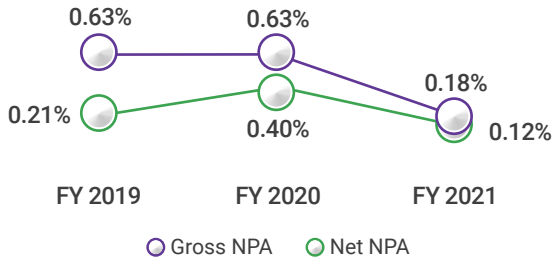
(₹ crore)



## ASSET QUALITY METRICS

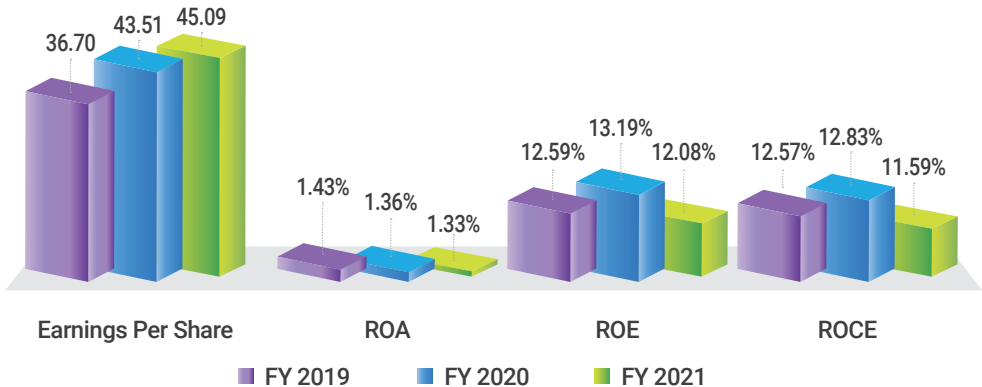
Gross NPA stood at 0.18% and Net NPA stood at 0.12% as on March 31, 2021, an improvement of 0.45% and 0.28%, respectively, as compared to FY 2020.

### Asset Quality



## SHAREHOLDERS' RETURNS

Earnings per Share (EPS) increased to ₹45.09 in FY 2021 from ₹43.51 in FY 2020.



## OTHER KEY PARAMETERS

Provision Coverage Ratio (PCR) was at 93% at the end of FY 2021 as compared to 78% at the end of FY 2020.

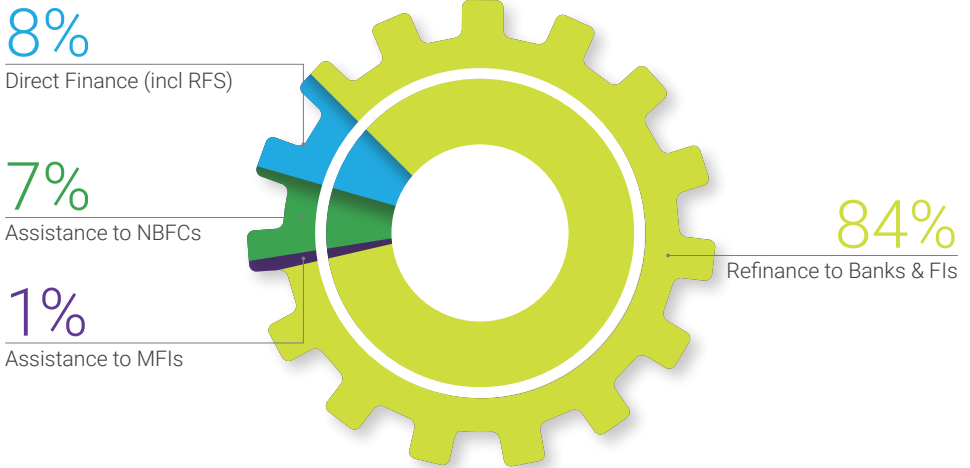
Capital Adequacy Ratio was at 27.49% at the end of FY 2021 as compared to 26.62% at the end of FY 2020.

Business per employee stood at ₹154.08 crore and Net Profit per employee stood at ₹2.37 crore during FY 2021.

## Business Performance

Institutional Finance accounts for approximately 92% of total outstanding portfolio at the end of FY 2021.

### Portfolio composition FY 2021

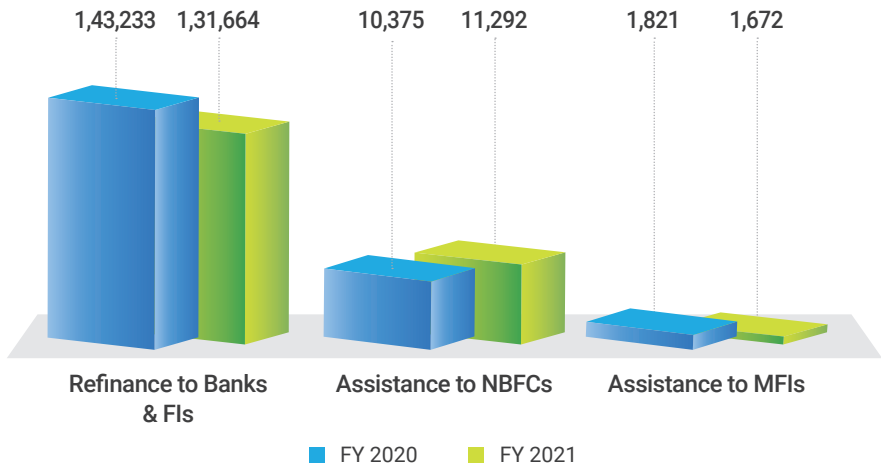


## INSTITUTIONAL FINANCE

Outstanding portfolio under Institutional Finance stood at ₹1,44,628 crore at the end of FY 2021, a decline of 6.9% as compared to ₹1,55,429 crore at the end of FY 2020.

### Composition of Institutional Finance

(₹ crore)





### Refinance to Banks (including SFBs) & SFCs

- Portfolio outstanding stood at ₹1,31,664 crore as on March 31, 2021, a Y-o-Y decline of 8.1%.
- 31 commercial banks and 10 SFBs as live customers as of FY 2021.
- Cumulative disbursements under corpus allocated by RBI out of Priority Sector Lending shortfalls stood at ₹1,61,183.47 crore as on March 31, 2021, benefiting more than 24.69 lakh MSEs of the PLIs.
- During FY 2021, the Bank covered 686 districts through the network of its PLIs and disbursed ₹81,637 crore, generating employment of approximately 44.17 lakh heads. Out of which, ₹5,600 crore was disbursed in 109 aspirational districts and ₹25,989 crore was disbursed in 447 backward districts.

### Assistance to NBFCs

- Assistance to NBFCs increased by 8.8% to ₹11,292 crore as of March 2021 from ₹10,375 crore as of March 2020.
- During FY 2021, the Bank onboarded 35 new NBFCs and the total number of live NBFCs as of March 2021 stood at 71.
- During FY 2021, disbursements to NBFCs (including to FinTech NBFCs) stood at ₹7,802 crore.

### Assistance to MFIs

- As on March 31, 2021, the assistance to MFIs stood at ₹1,672 crore as on March 2021, a decline of 8.2% as compared to FY 2020.
- During FY 2021, disbursements to MFIs stood at ₹2,583 crore.
- The cumulative assistance disbursed under the Bank's microfinance initiatives up to March 31, 2021 was at ₹20,568 crore and benefited around four crore entities.
- The Bank onboarded 18 new MFIs during the FY and total number of live MFIs as of March 2021 stood at 78.

## Special Liquidity Facility (SLF)

Under RBI SLF of ₹15,000 crore, the Bank focused on assisting lower rated NBFCs and MFIs to address the liquidity crunch. The position at the end of FY 2021:

₹5,700 crore disbursed to 16 banks (including SFBs) benefiting 17.14 lakh MSEs.

₹4,902 crore disbursed to 57 NBFCs, covering more than 1 lakh eligible beneficiaries.

₹2,258 crore disbursed to 36 MFIs, covering more than 6.45 lakh beneficiaries.

RBI has provided SLF-II of ₹15,000 crore to the Bank, to address the liquidity & credit needs of MSME sector for FY 2022 and SLF-III of ₹16,000 crore, for innovative schemes to meet short- and medium-term needs of the MSME sector, especially smaller MSMEs in credit-deficient and aspirational districts.



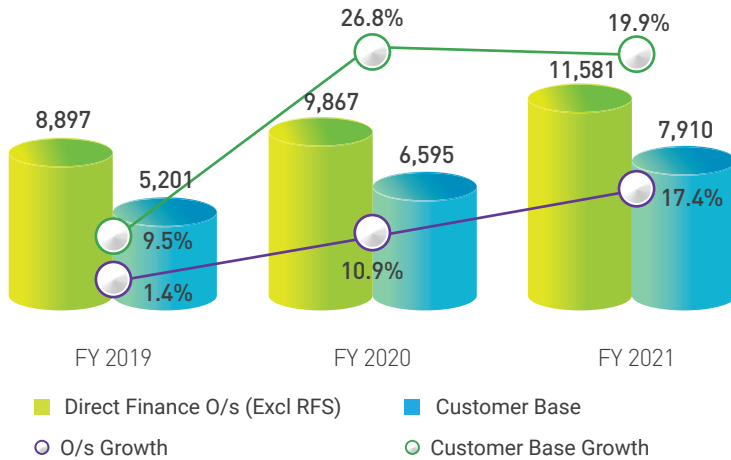
## DIRECT LENDING

During FY 2021, the Bank focused on ensuring uninterrupted flow of credit to MSMEs, especially to those engaged in fighting the pandemic, and in implementation of relief measures announced by RBI.

- Direct Finance portfolio outstanding (excluding RFS) stood at ₹11,581 crore as of March 2021, as compared to ₹9,867 crore as of March 2020, Y-o-Y growth of 17.4%.
- Disbursements during FY 2021 grew by 28% but sanctions have decreased marginally by 3.5%.

### Direct Finance Portfolio

(₹ crore)



### Strategic Reorientation to Maximize Impact



#### Widening Reach

The customer base rose to 7,910 as of March 2021 from 6,595 as of March 2020 – a Y-o-Y growth of 19.9%.



#### Diversifying Base

2,009 new customers added during FY 2021 on account of focus on lending to New-to-SIDBI [NTS] customers.



#### Faster Delivery

Overall TAT was 10 days and TAT for New and Quick Deliverable Products was around 5 days.



#### Retention of Good Customers

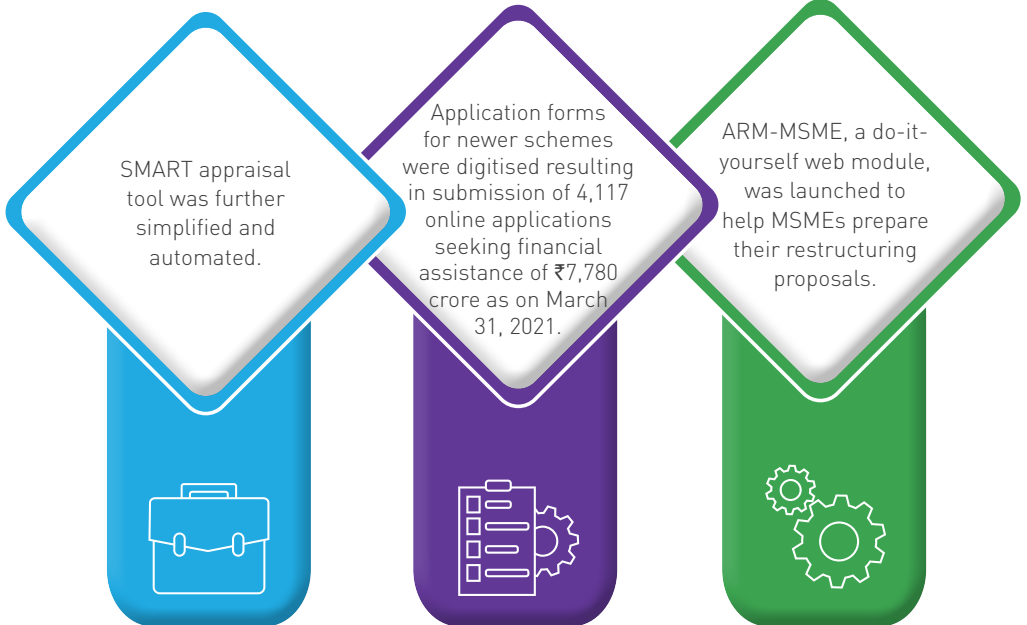
Prepayment of 230 accounts with principal outstanding of ₹665.46 crore was averted during FY 2021.

## Business enablers under Direct Finance



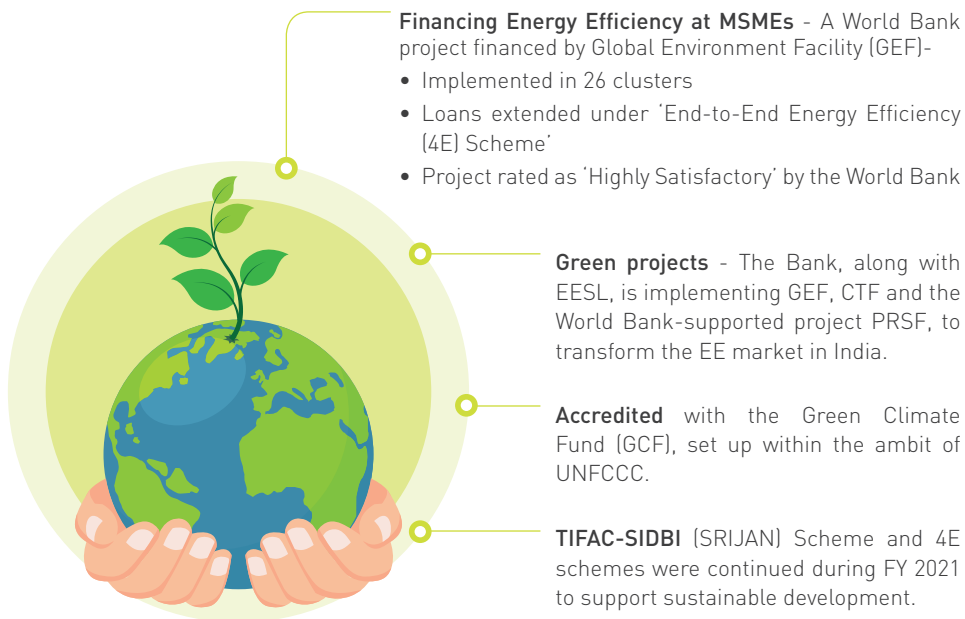
- Tie-ups with OEMs/ Industry Associations:** Entered in Credit Delivery Arrangements with 58 Machinery Suppliers and six Industry Associations to accelerate credit delivery to MSMEs.
- Promoting Renewable Energy Usage:** Entered in partnership with three OEMs in the solar power sector to give impetus to adoption of clean energy by MSMEs.
- Launch of New & Quick Deliverable Products:** Sanctions and disbursements under new products during FY 2021 have been to the tune of approx. ₹2,900 crore (5,738 customers) and ₹2,522 crore (5,122 customers) respectively.

## Digital Initiatives and Internal Process improvements





## Focused Initiatives under Direct Finance: Sustainable Development



## Major initiatives undertaken to address COVID-19 challenges under Direct Credit

Introduced SAFE, SAFE-Plus & SAFE-WCTL to support MSMEs engaged in fighting pandemic at a subsidized interest rate of 5%, TAT of 48 hours. Under these schemes, ₹166.26 crore was sanctioned to 380 MSMEs.

Special window under SMILE scheme for capex financing of items in the healthcare supply chain.

Under TWARIT (ECLGS), ₹1,093.42 crore sanctioned to 2,840 customers as on March 31, 2021.

As on March 31, 2021, 3,480 customers availed moratorium and 275 customers availed restructuring of their advances amounting to ₹617 crore.



## RISK MANAGEMENT

The Bank has put in place a comprehensive Risk Management System inclusive of Credit Risk Management, Market Risk Management, Operational Risk Management, Internal Capital Adequacy Assessment Process, Business Continuity Management, etc.



## FUND OF FUNDS

Under Fund of Funds operations, the Bank contributes to the corpus of SEBI-registered Venture Funds/ Alternative Investment Funds. VCFs/ AIFs supported by the Bank are required to invest a specified amount of their corpus in MSMEs/ Startups as per the mandate of the scheme.

Fresh investments are being committed to AIFs out of three fund of funds, namely, Fund of Funds for Startup (DPIIT), ASPIRE Fund (MoMSME) and UP Startup Fund (Govt of Uttar Pradesh).

A brief outline on the active Fund of Funds is as under:

### Fund of Funds for Startups (FFS)

- Corpus of ₹10,000 crore
- Cumulative sanctions of ₹5,409.45 crore and disbursements of ₹1,484.75 crore to 71 AIFs as of March 31, 2021
- During FY 2021, ₹1,611.25 crore was sanctioned to 18 AIFs



### ASPIRE Fund

- Corpus of ₹310 crore
- Cumulative commitments since inception of the Fund stood at ₹47.5 crore to 5 AIFs as of March 2021



### UP Startup Fund

- Corpus of ₹1,000 crore
- ₹20 crore have been committed to two AIFs as on March 31, 2021



## Other initiatives

Introduced various technological interventions to automate the operations from application submission to real-time data management of VCF portfolios.



The Bank, along with DPIIT, organized a series of online pitching events for all the finalists of the National Startup Awards.

Introduced CSAS to provide financial assistance in the form of WCTL to Startups affected by COVID-19. Under the scheme, ₹21.68 crore sanctioned to 14 startups.

## MICRO LENDING/ THE MISSING MIDDLE

The Bank launched the PRAYAAS scheme to facilitate enterprise promotion and to bring down the cost of credit to borrowers at the bottom of the pyramid.

The scheme leverages the outreach of Partner Institutions such as MFIs/ SHPIs/ NBFCs/ Fintechs etc. to extend affordable finance between ₹0.50 lakh to ₹5 lakh to budding micro-entrepreneurs.



As on March 31, 2021, under P R A Y A A S , ₹172.21 crore was sanctioned to approximately 14,260 micro-entrepreneurs/ borrowers.

Aggregate disbursement stood at ₹128.02 crore, to 10,986 micro-entrepreneurs/ borrowers.

Outstanding under the scheme stood at ₹64.49 crore, as on March 31, 2021.

88% beneficiaries are from rural areas and 88% is to women entrepreneurs.

## THOUGHT LEADERSHIP AND STRUCTURAL INITIATIVES

### Structural Initiatives to address information asymmetry

The Bank is publishing five knowledge products, which are being rolled out in several Indian languages to reach out to a larger user base. A brief of Bank's knowledge products:

#### MSME Pulse

A SIDBI-TransUnion CIBIL initiative, it is a health tracker of MSMEs based on over five million credit-active MSMEs in the CIBIL database. MSME Pulse is being published in 14 Indian languages, and 11 editions of the report have been released so far.

#### CriSidEx

The SIDBI-CRISIL joint knowledge product is a sentiment index based on the qualitative survey of around 1,100 MSEs to gauge ground-level trends of the MSEs. Ten editions of the report have been released so far.

#### Microfinance Pulse

A SIDBI-Equifax initiative, is a quarterly report based on the Equifax database to provide credit trends and other insights in the Microfinance sector. The report is being published in 14 Indian languages and eight editions of the report have been released.

#### Industry Spotlight

A SIDBI-CRIF High Mark joint initiative, is a quarterly report based on credit data to key industry sectors, with focus on cluster level data of MSMEs. The report is being released in three Indian languages, and so far, three editions have been published.

#### FinTech Pulse

A SIDBI-Equifax joint initiative, is a quarterly report on FinTech lending in India, with focus on New-Age FinTech lending. Two editions have been published so far.

## AGGREGATOR ROLE

**Udyamimitra portal**, a universal digital platform that aims to provide end-to-end solutions for not only credit delivery, but also a host of credit-plus services.



### Accessibility

- More than 400 lenders with total branch network of more than 1.56 lakh
- 4,500 Urban Local Bodies (ULBs) / Municipalities onboarded



### Registrations on portal as of March 2021

- Over 9.46 lakh registrations and more than 2.59 lakh loan applications submitted
- More than 1.20 lakh loans sanctioned to the tune of ₹26,500 crore
- 1.15 lakh loans sanctioned to the tune of ₹25,900 crore under the Stand-up India Scheme



### Handholding support

- Mapped with 8,000-plus active handholding agencies

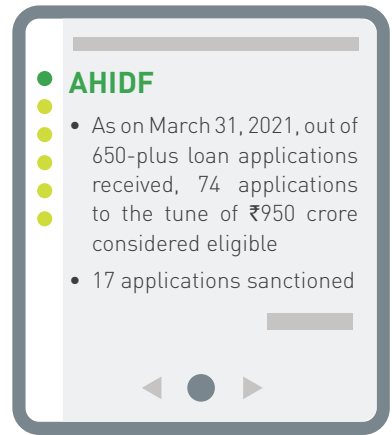
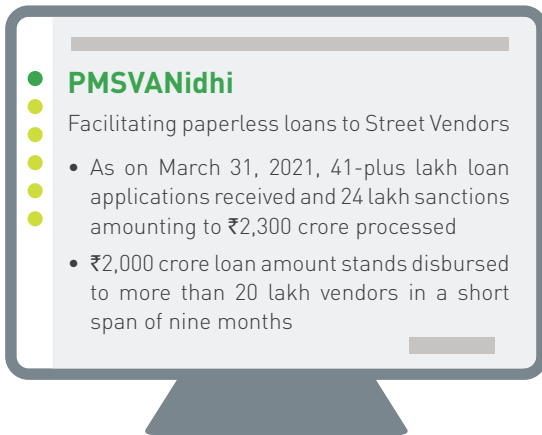


### Digital Offering on the portal

- AI-based Virtual Assistant "Samridhhi" for guiding budding entrepreneurs.
- Bankability Kit, a one-stop guide for MSME Entrepreneurs.
- 325 model project profiles.
- Info and knowledge series
- Subsidy Scheme for easy reference
- MSME COVID series, FAQs and audio-visuais

## Powering Key Gol Mission Programmes

Udyamimitra Portal is also powering key Gol mission programmes, viz. PMSVANidhi and AHIDF-



## Giving a Fillip to the Stand Up India (SUI) Mission

Organized national campaign programmes on creating awareness outreach and business opportunities for SC/ST and female aspirants.

### Swavalamban

#### Sankalp

- In collaboration with DICCI
- As on March 31, 2021, 27 programmes have been conducted, covering more than 4,000 aspirants

### Swavalamban

#### Sashakt

- In collaboration with Confederation of Women Entrepreneurs of India
- As on March 31, 2021, 10 webinars organized, attended by more than 900 aspirants

## FACILITATOR ROLE

The Bank has been assigned the nodal agency role by the GoI for implementing various Government subsidy schemes, namely, CLCSS, TUFS, IDLSS, FPTUFS and TEQUP.



Cumulatively, the Bank has facilitated release of subsidy of ₹3,900.46 crore to 47,176 MSMEs, as on March 31, 2021.



Under CLCSS, capital subsidy claims aggregating ₹2,605.82 crore involving 40,742 units have been released. During FY 2021, claims aggregating ₹438.56 crore to 6,142 units have been released.



Under SCLCSS, during FY 2021, claims aggregating ₹24.49 crore have been released to 209 units.



Under TUFS, capital subsidy and interest incentive in respect of 3,362 claims for an amount of ₹879.25 crore released till March 31, 2021.



Under TEQUP, subsumed with CLCSS-TU scheme, subsidy claims involving ₹81.35 crore, to 1,044 units were released till March 31, 2021.





### Interest subvention Scheme (ISS) for Incremental Credit to MSMEs – 2018

- As on March 31, 2021, ₹975 crore has been released to 62 eligible lending institutions, benefiting 22.71 lakh MSMEs of which 18.94% are women-led.

### Interest Subvention Scheme for Mudra – Shishu Loans

- Total budget under the scheme is ₹1,542 crore.
- Settled aggregate claims of ₹379.39 crore from 92 MLIs, benefiting 3.26 crore Shishu borrowers as on March 31, 2021.

### Extended Partial Credit Guarantee Scheme (PCGS 2.0)

- To address temporary liquidity/cash flow mismatches of otherwise solvent NBFCs/HFCs/MFIs.
- As on March 31, 2021, 59 proposals aggregating ₹13,760.38 crore recommended to DFS under pooled assets.
- As on December 31, 2020, PSBs have reported proposals worth ₹22,217 crore of Portfolio Guarantee purchased/ to be purchased from NBFCs/ HFCs/ MFIs.

### PMSVANidhi Scheme

- To facilitate collateral-free WCTL of up to ₹10,000 each to street vendors.
- Launched the portal and the mobile app for application sourcing under the scheme.

### Animal Husbandry Infrastructure Development Fund (AHIDF) scheme

- ₹15,000 crore fund to incentivise investments.
- Bank is the implementing partner for the scheme.
- During FY 2021, an amount of ₹660 crore sanctioned by scheduled banks.
- Released interest subvention of ₹12.74 crore.

### Micro and Small Enterprises-Cluster Development Programme (MSE-CDP)

- During FY 2021, 38 MSE-CDP proposals have been appraised, with a project cost of ₹441.85 crore and a grant-in-aid amount of ₹291.28 crore.

## CHAPTER 3 Promotional & Developmental Initiatives

Promotional & Developmental (P&D) initiatives of the Bank are woven around Mission Swavalamban, which has four distinguishing pillars viz., Sampark, Samwad, Suraksha and Sampreshan (4S) and a fifth pillar viz., "Sangam", a confluence of four pillars.

### SAMPARK – SIGNIFYING “CONNECT WITH MSMEs AND ENTREPRENEURS”

#### Swavalamban Connect Kendras (SCKs)

- Working as counselling centers in 100 districts of Uttar Pradesh, Bihar, Jharkhand, Telangana and Odisha to guide and handhold aspiring entrepreneurs.
- 1,000-plus enterprises (36% women-led) set up in FY 2021.

#### E-Udyam Sangyan

- A series of webinars covering topics related to New-age digital platforms of TReDS, GeMs.
- Session from representatives of Medium and Large Industries on domain knowledge and corporate governance.
- 15 programmes concluded in FY 2021 benefitting 600-plus MSEs.

#### Swavalamban Digi-Gyanshala

- Partnered with the CDFI to launch an IVR and webapp, 'Swavalamban Digi-Gyanshala' for promoting the spirit of entrepreneurship.
- Over 1.15 lakh aspirants have been covered by this initiative.

#### ASOMI SARAS Fair 2021

- Supported ASRLM to organise ASOMI SARAS Fair 2021.
- ASOMI has been developed as the umbrella brand for all SHG products developed under the aegis of ASRLM.
- 113 stalls recorded sales of ₹4.18 crore in 14 days.

## SAMWAD – DIALOGUE TO STRENGTHEN RELATIONS AMONG VARIOUS STAKEHOLDERS OF THE MSME SECTOR

### Swavalamban Crisis Responsive Fund (SCRF) under SRF

- Set-up SCRF with the support of FCDO, Government of UK, to support free onboarding of MSMEs on the TReDS platform.
- 11,600-plus MSMEs onboarded on the portal.

### Digital Bouquet

- Built a virtual ecosystem with Udyamimitra/ Stand Up India Portal to bring together all stakeholders in the MSME ecosystem.



## SURAKSHA – TO CREATE AN ENABLING ENVIRONMENT FOR THE GROWTH OF MSMEs

### COWE Mart



- Designed COWE Mart for digital connect through a user-friendly, one-click Buyer-Seller connect, through WhatsApp.
- 98 women entrepreneurs onboarded on the portal.

### Role Models



- Supported 76 role models in 11 districts of four states through 20-plus activities.
- Resulted in increase of monthly income of these role models by more than 70% ranging from ₹2,750 to ₹20,000 and with aggregate monthly income of around ₹6 lakh.

## SAMPRESHAN – CONSTRUCTIVE ENGAGEMENT WITH POLICY MAKERS & MSME ENTREPRENEURS

### Project Management Unit (PMU)

Set-up PMUs in 11 states, viz., Assam, Andhra Pradesh, Delhi, Gujarat, Haryana, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and Uttarakhand.

Aimed to strengthen the MSME ecosystem and transferring the good practices through learning sessions.



### Swavalamban Info Series

Created a digital bouquet of products such as the knowledge series, info series, radio jingles, videos etc.

During FY 2021, five volumes were released and widely disseminated among the stakeholders.

## SANGAM - "CONFLUENCE", INITIATIVES WHICH INHERIT THE TRAITS OF MORE THAN ONE OF THE 4S PILLARS



### Swavalamban Silai Schools

- Aims to create and promote "Homepreneur" role models in partnership with USHA International.
- Silai Schools opened in 1,638 villages of 24 districts across seven states.
- Homepreneurs further enrolled 16,982 learners – an average of 10 new enrollments per direct beneficiary.



### Micro Enterprise Promotion Programme (MEPP)

- Aims to promote viable micro enterprises for employment generation.
- At present, seven MEPPs are up and running.
- During FY 2021, 48 programmes were conducted, benefitting 3,337 participants and set up 420 enterprises that employ 1,866 persons.



### EU Switch Asia Bamboo Project

- Aims to promote bamboo-based enterprises and generate green jobs in 9 backward states, including 5 in NER.
- 1,373 bamboo-based enterprises – 900 of them during FY 2021 – were established/ upgraded.
- 4,215 bamboo artisans benefitted under the initiative, including 2,500 in FY 2021.



### Sanitation & Hygiene Entrepreneurs (SHEs)

- Pilot programme on rebuilding informal workforce, mainly women, by providing training and incubation support in disinfection.
- Covered 650 SHEs in 23 states and generated aggregate income of ₹92 lakh.



### Swavalamban Assistance for Financial Literacy, adoption of villages and credit and market Linkages - SAFAL

- Adoption of 120 villages in the states of Bihar and Jharkhand.
- Providing financial literacy training to 2,400 livelihood, including migrants, and ensuring their credit and market linkages.



### Swavalamban Swabhiman

- Partnered with Microfinance Association of Uttar Pradesh (UPMA).
- Aims to provide skill development training support to 100 young aspirants/ artisans, mainly women.

### Gramin Navonmesh Protsahan

- Aimed to promote/ commercialize 50 rural innovations with thrust on ITI/ Polytechnics in UP, Bihar, Odisha, Maharashtra, Chhattisgarh and Jharkhand.
- 18 rural innovations supported.

### SIDBI Assistance for Harnessing Aspiring Swavalambis - SAHAS

- 'Swavalamban Chair for MSME Solutions' set-up at Government Engineering College, Thrissur.
- Aimed to create an entrepreneurial culture in the institution and the region.

### Central Institute of Medicinal & Aromatic Plants – CIMAP

- Aimed to train participants in the production of quality material of various species of medicinal and aromatic plants.
- During FY 2021, online STUPs were conducted benefitting 292 aspirants.

### Bank Sakhi Programme

- Partnered with Jeevika, SRLM of Bihar, to provide alternate banking and digital financial services in rural areas, especially to poor women.
- 1,640-plus Bank Sakhis have been created in 36 districts of Bihar.
- The initiative also facilitated setting up of 250 kirana stores/ rural retail shops.

### SWAS/शवास - Breathing Entrepreneurial Energy

- Swavalamban Accelerator established with the help of Mukti in the Sunderbans, West Bengal which is struggling after Amphan cyclone and pandemic.
- 1,000 SHG women are being trained in Handicraft and Food processing.
- Expected to touch 20,000 beneficiaries.

### Swavalamban Livelihood Enhancement and Awareness Programme – LEAP - in Leh

- Aims to support Sea Buckthorn-based livelihood projects in Leh.
- Aimed to create 15 enterprises, covering 75 entrepreneurs and impacting 750 families.

### Swavalamban Divyangjan Assistive Tech Market Access (ATMA)

- Swavalamban - ATMA fund launched in association with Social Alpha.
- Aimed to ease the entry of the assistive technology solution for the end-users, mainly Divyangjan.
- Expected to touch around 1,000 lives in the next two years.

### SIDBI Centre for Innovation in Financial Inclusion/ SCiFI

- Set-up at IIM, Lucknow with the aim of nurturing startups working on financial inclusion.
- 24 innovative startups are being supported by SCiFI, as on March 31, 2021.

### Social Enterprises & Impact Investment

- Aims to provide support to Samridhi Fund and its investee companies.
- At the Fund level, the support is for strengthening ESG and showcasing the impact.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Key guiding themes under CSR are:



### Environment

- Supported desilting and renovation of Neikuppam pond near Walajabad, benefitting 240 families.
- The Bank has also supported the desilting and deepening of silt filled Malayampalayam check dam in Erode district.
- More than 300 acres of agricultural land and 750 families in the Malayampalayam village benefitted.



### Empowerment

- Distributed artificial limbs and wheelchair to differently-abled people to give swavalamban wings for earning livelihoods.
- Supported a 20-fisherwomen group in Pullicat to kick-start the traditional Palmyra leaves handicraft business.
- Supported 40 families in six villages affected by the Amphan cyclone in South 24 Parganas district of West Bengal for livelihood restoration.



### Enablement

- Supported Paralympic Committee of India with sports kits, sports equipment and electricals to encourage the para athletes.
- Undertaken multiple infrastructure projects viz., three patient facilitation centres, five smart classrooms/ Art room, installation of four water ATMs and donation of ambulances etc.

## SUPPORT DURING COVID PANDEMIC

Distributed masks, PPE kits, hygiene kits, food packets, ration etc. through NGO partners.



Set up MSME help desk to assist and respond to the queries of MSMEs.



Published three handbooks on COVID responsiveness and Info series for MSMEs.



Supported 80 economically underprivileged weavers in Kanyakumari district and supported 30 volunteers for relief work in response to COVID-19.



SIDBI COVID-19 Response Track Award organised by the Entrepreneurship Cell, IIT Bombay.



**SIDBI Venture Capital Limited (SVCL) (1999)**

- Acting as the Investment Manager for eight funds, with drawable corpus of ₹1,722.76 crore and outstanding corpus of ₹794.04 crore.
- New Horizon Fund, with a target corpus of ₹500 crore with focus on Fintech, consumer-focused innovative products, Green Technology and Agri and Food Processing. Received ₹130 crore as commitment as on March 31, 2021.
- Ubharte Sitaare Fund registered in July 2021 is a ₹1,000 crore scheme to be anchored by EXIM Bank and SIDBI towards equity and technical assistance to MSMEs with good export potential.

**Micro Units Development & Refinance Agency (MUDRA) (2015)**

- Outstanding portfolio of ₹13,627 crore as on March 31, 2021.
- During FY 2021, MUDRA provided refinance support of ₹12,303 crore.
- Cumulative sanctions and disbursements by MUDRA as on March 31, 2021, stood at ₹39,453 crore and ₹37,799 crore respectively.

**Credit Guarantee Fund Trust for MSEs (CGTMSE) branded as UDAAN (2000)**

- Credit Guarantee Scheme for MSEs in respect of credit facilities up to ₹2 crore.
- Cumulatively, as on March 31, 2021, approved guarantees for 51.42 lakh MSE loan accounts with loan amount of ₹2.58 lakh crore.
- Cumulatively, settled 2.79 lakh claims amounting to ₹7,085.66 crore.
- During FY 2021, approved 8,35,592 number of guarantees amounting to ₹36,899 crore.
- Units supported have generated employment to the tune of 132 lakh and contributed ₹16,550 crore towards exports.



### Receivables Exchange of India Limited (RXIL) (2016)

- SIDBI-NSE joint venture operating the MSME online TReDS.
- Registered base of 7,134 MSME Vendors, 629 Buyers and 42 financiers as on March 31, 2021.
- Cumulative factoring stood at ₹10,318.93 crore with over 4,96,102 invoices financed, as on March 31, 2021.

### Acuité Ratings & Research Limited (Acuité) (erstwhile SMERA) (2005)

- India's first MSME-focused rating agency, now a full-service credit rating agency.
- launched Microfin Analytics for providing grading, research and advisory services to MFIs.
- As on March 31, 2021, assigned 50,000+ MSME ratings and 8,700+ Bank Loan Ratings.

### India SME Asset Reconstruction Company Ltd (ISARC) (2008)

- Assets Under Management (AUM) of ISARC as on March 31, 2021, is approx. ₹398.76 crore.

### ONLINE PSB LOANS Ltd

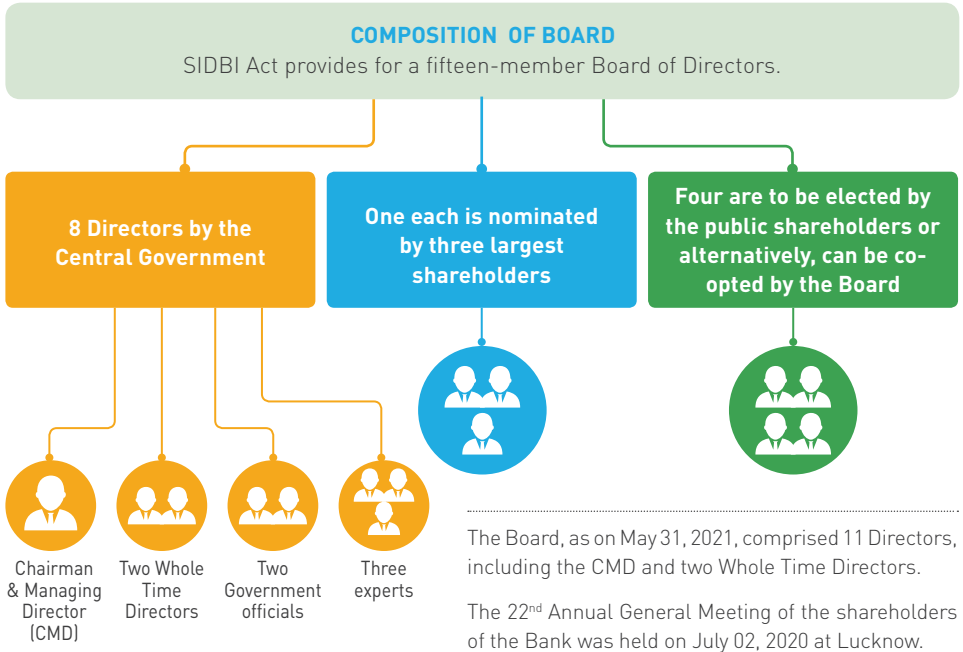
#### PSBLoansin59minutes

- Largest fintech platform in terms of outreach and type of loans extended.
- As on March 31, 2021, 3.97 lakh MSMEs have obtained in-principle approval from lenders using the platform, out of which 3.15 lakh MSMEs got final sanction.



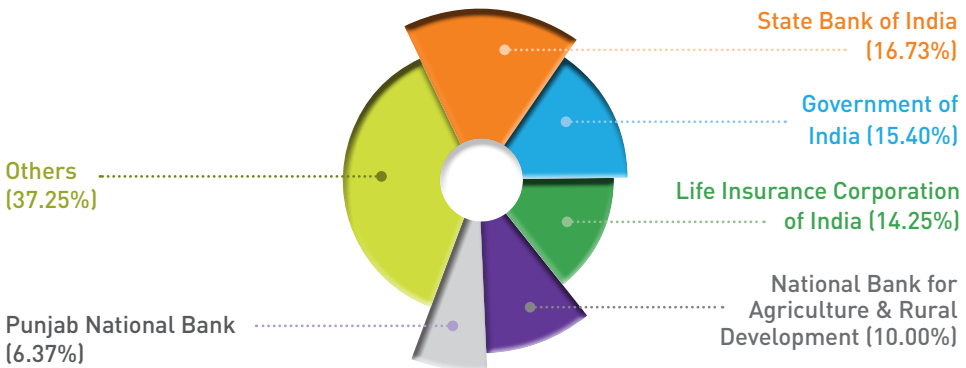
## CHAPTER 4 Management and Corporate Governance

The Bank has adopted and adhered to best corporate governance practices which have facilitated effective management with a high level of business ethics and enhanced value for all stakeholders.



### SHAREHOLDING PATTERN

The shares of the Bank are held by the GoI and 22 other institutions/PSBs/insurance companies owned or controlled by the Central Government. The major shareholders as on May 31, 2021 are:



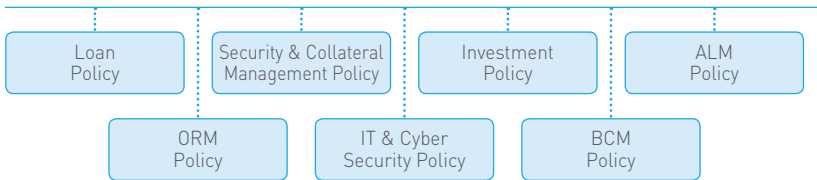
## INTERNAL COMMITTEES (Meetings during FY)



## RISK MANAGEMENT

The Bank has put in place a comprehensive Risk Management System that is sensitive and responsive to various risks emanating from its business and other operations.

### Enterprise Risk Management (ERM)- umbrella document covering subsidiary policy documents



### ICAAP Policy addresses residual risk, credit concentration risk, interest rate risks in banking book, legal risk, reputation risk, etc.

### Integrated Risk Management System (IRMS) includes policies and systems for



The Bank has implemented a Comprehensive Operational Risk Evaluator (CORE) for Lost Data Capture, Key Risk Indicator (KRI), and Risk and Control Self-Assessment (RCSA).

## NPA MANAGEMENT

### Operational measures



- One Recovery Cell upgraded to SARB, total 8 SARBs as on March 31, 2021.
- Loan Recovery Policy simplified and made more pragmatic.
- Introduced automated modules capturing sale of asset, calculation of reserve prices and to capture various scenarios for OTS memorandum.

### Monitoring and Review of operations



- Board-level Recovery Review Committee to review all NPA cases with principal outstanding of ₹3 crore and above.
- Periodic interaction between Head office and Field offices.
- Stressed Asset Monitoring Committee to undertake fortnightly review of the position of SMAs.

## INTERNAL AUDIT MANAGEMENT

### Operations-

- Operational Audit of BOs, ROs & select HO Verticals
- Management Audit of HO Verticals
- Information Systems (IS) Audit
- Special Audit of fraud cases
- Overseeing concurrent audit function
- Review monthly concurrent audit reports of TRMV and Administration Vertical, including the CVPC, DCV, IFV, VCF, AIC and SA&NMV carried out by external audit firms
- Credit Audit through ROs for exposure above ₹7.5 crore, and in 10% of other cases on a sample basis under Direct Credit Schemes



### Key highlights during FY 2021

- As on March 31, 2021, 36 BOs were covered by the concurrent audit mechanism, accounts for more than 82% of the Direct Credit operations
- Operational Audit for 77 BOs/ROs/HO Verticals
- IS Audit of 57 BOs

## HUMAN RESOURCES – A YEAR OF RESILIENCE AND BOUNCE BACK

The Bank considers its Human Resources as its valuable asset. Its People, Processes and Technology play a key role in delivering customer service. The knowledge, skills and diversity of the workforce are key to achieve comparative advantage. The Bank has been aligning its Human Resources with Business Strategy to effectively deliver its function of transforming the MSME sector.

In an unprecedented event, the COVID-19 pandemic brought the business to standstill in March 2020. The last financial year started with uncertainty and fear, in terms of future, health and security. The Bank implemented immediate action to not only protect its people but also its customers.



COVID has taught us not only to survive but also emerge as a better institution on the whole.

**A**

Few of the initiatives taken by the Bank during the year are:

**COVID-19 Management** - In respective Offices, all prescribed COVID appropriate protocol/ behaviour was adopted. Quick Response Teams were put in place to monitor the entire work with regard to COVID management. Flexible work hours, including Work from Home, ensured branches functioned so that customers were not affected. Additionally, personal guidance and counselling was proactively provided to all staff. Bank also arranged for a tie-up for quarantine facilities in major metro cities in collaboration with Apollo Hospitals. With the introduction of COVID vaccination in India, the Bank made necessary arrangements, organised drives and encouraged all its eligible staff to opt for vaccination. Bank has been able to contain the widespread occurrence within its offices with the help of the same and has ensured Business Continuity timely implementation of all Government Schemes and COVID special schemes rolled out. The Bank also facilitated welfare activities of GoI etc. for COVID-19 funds, in which the employees participated wholeheartedly.

### Employee Friendly initiatives

- Due to risks posed during the prevailing pandemic, annual transfers were minimized. Concept of offsite reporting to new office was introduced keeping in mind business continuity as well as ensuring safety of officers. Extended reporting times were allowed to avoid inconvenience to staff and families.



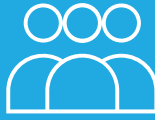
### Leadership Development

- Online programs were organised for Grade 'D', 'E' and 'F' Officers for development of their leadership attributes.

## B

### Human Resource Strength

As on March 31, 2021, the Bank had on its rolls 1,013 active full-time staff comprising 891 officers, 93 Class III staff and 29 subordinate staff.



The Bank is an equal opportunity employer with regard to its women workforce. It has aimed to provide equal and fair opportunities to women, who have been working shoulder to shoulder with men and are increasingly assuming greater responsibilities. The strength of women employees in SIDBI is 229 (23%) of its total staff of 1,013. The Bank has been introducing policies from time to time which help women staff in managing a better work life balance.

Of the total staff, 177 (17.47% of total staff strength) belong to Scheduled Castes (SCs), 74 (7.31%) to Scheduled Tribes (STs) and 204 (20.14%) to Other Backward Classes (OBCs). The staff strength included, 29 Persons with Disabilities (PwD) and 2 ex-servicemen. The Rosters in SIDBI are maintained as per guidelines issued by Gol in the matter and are vetted by Chief Liaison Officers annually and are also reviewed by Gol from time to time. The Rosters position upto December 31, 2020 has since been updated.

## C

### Prevention of Sexual Harassment- Internal Complaints Committee

The Bank promotes a positive and respectful workplace for the women workforce. Further, all support is extended to the women employees to maintain a better work life balance be it in terms of postings, placements or leave. Bank encourages women employees to continue their contribution in the national interest development of MSME Sector and nation.



As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Bank has in place Internal Complaints Committees at Chennai, Kolkata, Lucknow, Mumbai and New Delhi for redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. During the year, no complaint of sexual harassment was received by the Committees.

## D

## Learning &amp; Development

Training and Development has been an integral part of the HR strategy of the Bank. Over the years, SIDBI's role as a catalyst for growth of MSMEs has increased with greater focus on policy advocacy, promotion and development, co-ordination with various institutions engaged with MSMEs, driving entrepreneurship etc. Besides, with the renewed thrust on direct finance operations, aligning the staff skills with the new vision and objectives of SIDBI has become imperative.



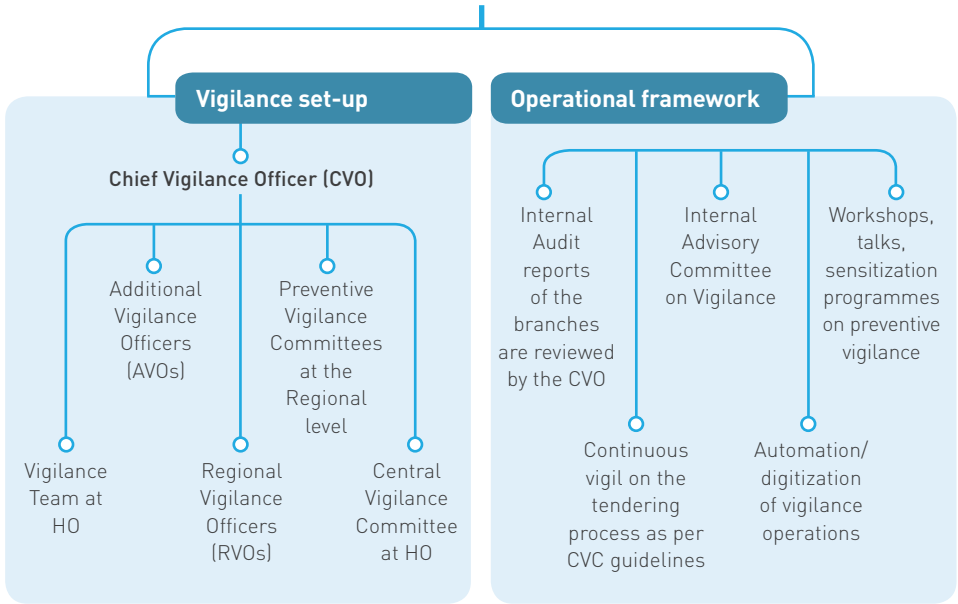
During FY 2021, efforts were made to achieve greater alignment in the training needs with organizational goals, future business imperatives and individual employee needs in line with the recommendations of HR consultants. At the beginning of the year, a Training need assessment (TNA) was done with inputs received from various Verticals. During the year, the Bank made a total of 1,257 nominations for various training programmes which included 1,179 nominations for in-house programmes and 78 nominations to renowned training / academic institutions as mentioned above. Out of the 1,257 nominations made, 241 nominees were women and 623 nominees belonged to SC/ ST/ OBC categories. A total of 772 employees were trained during the year as against 743 employees in previous FY. The total no. of training man-days during the year improved to 2,808 as against 1,785 in previous FY.

SIDBI also provides pre-promotion/pre-recruitment and in-service training to SC/ ST/OBC candidates/employees to enable them prepare for the process of selection and to allow them to compete better with their counterpart coming from general communities. In Pre-promotional Trainings, total 157 employees were given training, out of which 58 belonged to SC Category (37%), 27 were from ST Category (17%) and 72[46%] employees were from OBC category.

The Training Division made a successful foray into conducting the in-house programmes on virtual mode. All the programmes during the year were conducted in virtual mode on 'Microsoft Team' platform.

Besides officers were also nominated to various specialised inland training programmes / workshops conducted / organized by reputed institutions like CRISIL, NAHRD, NIBM, FIMMDA, IDRBT, CAFRAL, etc.

## VIGILANCE



### IMPLEMENTATION OF THE OFFICIAL LANGUAGE POLICY IN THE BANK

89 Official Language Implementation Committees in various offices of the Bank

Hindi correspondence stood at 98%, 90% and 72% in regions 'A', 'B' and 'C' respectively

Hindi magazine 'Sankalp' completed 95 issues.

Hindi noting stood at 85%, 82% and 75% in regions 'A', 'B' and 'C' respectively

44 Hindi workshops were organised during FY 2021

Organised All-India E-Conference for Hindi officers of the Bank and Online Intensive Translation Training Programme with the Central Translation Bureau, Department of Official Languages, New Delhi

Official Language inspections carried out in 49 offices and 10 Verticals

Hindi libraries set up in all offices, and the amount spent on purchase of Hindi books was earmarked

Organised 16<sup>th</sup> All-India SIDBI Hindi essay competition



191 applications received during FY 2021 and all applications were disposed of within the stipulated time.



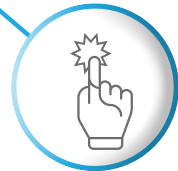
33 appeals were made to the First Appellate Authority (FAA) of the Bank, which were disposed of within the stipulated time as per provisions of RTI Act.



3 appeals were preferred before the Central Information Commission (CIC) against the decisions taken by FAA and CIC disposed of all the 3 appeals during the reporting year.

All quarterly online returns have been submitted to CIC on time.

No officer of the Bank has been fined or penalized for violation of the provisions of the RTI Act.



### IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

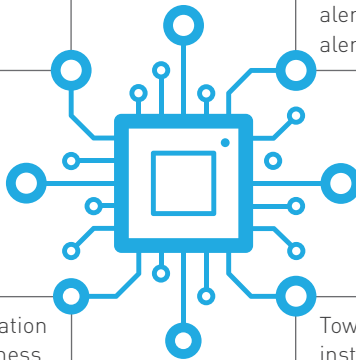


## INFORMATION TECHNOLOGY

Implemented e-KYC solution for Aadhar-based biometric and OTP authentication.



Deployed various office automation tools such as Skype for Business, Microsoft Teams, DMS etc. for contactless functioning during the lockdown period.



Implemented the Early Warning Signal (EWS) System covering 42 alerts prescribed by RBI and 84 alerts prescribed by DFS.



Towards augmenting IT security, instituted a Cyber Security Operations Centre (CSOC), which was made live in FY 2021.

### Head Office

SIDBI Tower, 15, Ashok Marg,  
Lucknow - 226001, Uttar Pradesh.  
Phone Number: 0522-2288546-49, 0522-4261600, 4259700  
Fax Number: 0522-2288459

## Branch Network as on September 2021

### Ahmedabad RO

Ahmedabad BO, Changodar BO, Gandhidham BO,  
Jamnagar XBO, Mahesana BO, Morbi BO, Odhav BO,  
Rajkot BO, Surat BO, Vadodara BO, Vatva BO



### Bengaluru RO

Bengaluru BO, Hubballi XBO, Hosur BO, Peenya BO,  
Panaji BO, Kochi BO, Mysore BO



### Chandigarh RO

Chandigarh BO, Jalandhar BO, Jammu XBO,  
Ludhiana BO, Shimla XBO, Yamuna Nagar BO



### Chennai RO

Ambattur BO, Chennai BO, Coimbatore BO, Erode BO,  
Kanchipuram BO, Madurai BO, Puducherry BO,  
Tirupur BO



### Guwahati RO

Agartala BO, Aizawl BO, Dimapur BO, Gangtok BO,  
Guwahati BO, Imphal BO, Itanagar BO, Kolkata BO,  
Shillong BO



### Hyderabad RO

Bhubaneshwar BO, Hyderabad BO, Raipur BO,  
Vijayawada BO, Visakhapatnam BO

### Jaipur RO

Bhilwara BO, Bhiwadi BO, Jaipur BO, Jodhpur BO,  
Kishengarh BO, Sitapura Indl. Area BO, Udaipur BO,  
Vishwakarma Indl. Area BO



### Lucknow RO

Kanpur BO, Noida BO, Patna BO, Prayagraj XBO,  
Ranchi BO, Varanasi BO



### New Delhi RO

Bahadurgarh BO, Ballabgarh BO, Bhopal BO,  
Dehradun BO, Faridabad BO, Gurugram BO,  
Haridwar BO, Kundli BO, New Delhi BO,  
Rudrapur BO



### Pune RO

Aurangabad BO, Chinchwad BO, Indore BO,  
Kolhapur BO, Nagpur BO, Nasik BO, Pune BO,  
Thane BO, Vasai BO



### Express Loan Service Centres

Ahmedabad ELSC, Chennai ELSC, Hyderabad ELSC,  
Mumbai ELSC, New Delhi ELSC, Lucknow ELSC



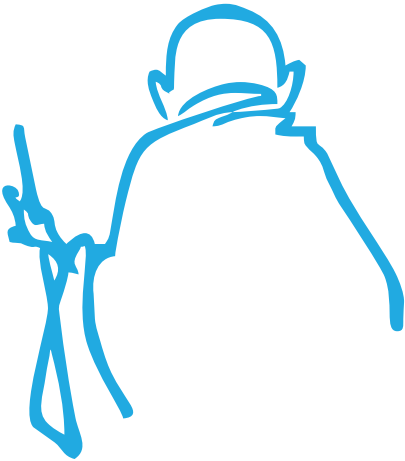
### Specialized Asset Recovery Branch

Chennai SARB, Mumbai SARB, New Delhi SARB


## ACKNOWLEDGEMENT

The Board acknowledges the valuable support received from the Government of India and the Reserve Bank of India. The Board is also thankful to the World Bank Group; Japan International Cooperation Agency (JICA); Department for International Development (DFID), U.K.; Kreditanstalt für Wiederaufbau (KfW), Germany; The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany; International Fund for Agricultural Development (IFAD), Rome; Agence Française de Développement (Afd), France; and Asian Development Bank (ADB) for their resource support and technical cooperation. The Board places on record its appreciation for the co-operation extended by Banks, State-level institutions, Industry associations and other stakeholders engaged in the promotion and development of the MSME sector.

The Bank also thanks all its clients and investors for their co-operation and looks forward to continued support in the years to come. The Board recognizes and places on record its appreciation for the services of the Bank's staff at all levels, which showed strong and continued commitment, integrity and dedication to take the Bank to a higher growth trajectory during the year.



Small Industries Development Bank of India

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