

# THE GANDHIDHAM CHAMBER OF COMMERCE & INDUSTRY

(ESTD. 1953)

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Shri Arun Jaitleyji, Hon'ble Minister for Finance, Corporate Affairs, Information and Broadcasting, & Chairman GST Council, Government of India Room No. 134, North Block, New Delhi - 110 001	Shri Urjit Patel, Governor, Reserve Bank of India, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai 400001
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**Sub: Collateral – free credit facility for MSME sector**

Dear Sir

The Gandhidham Chamber of Commerce & Industry is a pioneer organisation of Kandla – Gandhidham complex in Kachchh District of Gujarat State in India since 1953 with the main objective to serve as a bridge between local trade, MSME, other industry fraternity and State / Central Govt. for the resolution of problems and to cater supportive service to business community.

MSME play a crucial & important role in any economy and our country is no exception. This segment of the industrial and service sectors of India have high growth potential, employment generation capacity, export and their role in laying entrepreneurial seeds back in India.


MSME face the biggest hurdle of timely availability of credit although it is important to finance the MSME sector as they form a crucial cog in the Indian economy. They face challenges in accessing institutional credit mainly due to lack of credit history and high risk perception.

Most MSME loans in this country are fully collateralized or 100% collateral is given to most business loans, which effectively means that the segment is getting no finance whatsoever from the banks. As a matter of the fact, MSME only get finance to buy property and none of this is actually being utilised for the business. This segment is virtually unbanked for business.

In view of the above, we are of the strong opinion that MSME segment has to be given credit by formulating policy and devising a collateral – free lending, backed by documentation reduction system. At the same time, it is essential to have alternate lending platforms to be the most effective institution to disperse credit to MSMEs and new – age startups. With finance being the most crucial raw material for any MSME business to thrive, new ways of doing credit facilities need to be evolved to cater the financial needs of MSME sector.

Sir, we are sure, now Government and Reserve Bank of India will initiate necessary steps to shape-up a new viable sustainable model for collateral – free credit facility for MSME sector.

Thanking you,  
Yours faithfully,

  
Dinesh Gupta  
President