

CREDIT PLATFORM FOR MSMEs TAKES SHAPE

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

A countrywide pilot of the newly-developed credit protocol infrastructure for the democratisation of credit will start within a fortnight, said a think tank, Indian Software Products Industry Round Table (iSPIRT), that developed the platform.

“Countrywide pilots will be underway in a few weeks and these will involve multiple banks and thousands of MSMEs,” said Sharad Sharma, co-founder, iSPIRT.

The credit protocol infrastructure, known as Open Credit Enablement Network (OCEN), will mediate the interactions between loan service providers, usually fintechs and mainstream lenders, including all large banks and NBFCs. Meanwhile, private equity and venture capital players, angel investors, high networth individuals and others will also could be part of this exercise as investors, according to Mr. Sharma.

To start with, iSPIRT will work with lenders such as the State Bank of India.

The architect of Aadhaar Nandan Nilekani, who is involved in the project, said, “OCEN is a common language for lenders and credit seekers. With this, credit will become more accessible for a large number of entrepreneurs and small businesses in the country.”

Some 63.38 million MSMEs account for about 45% of manufacturing output, over 40% of exports, contribute to over 28% of the GDP and employ about 111 million people.

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