

A COMPARATIVE ANALYSIS OF MSME FINANCE IN INDIA

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ABSTRACT

The Micro, Small and Medium Enterprises (MSME) sector is one of the dynamic sectors of the Indian economy in terms of productivity, contribution to GDP, and employment. Their role in nurturing entrepreneurship through innovations and generating employment opportunities has been commendable. Access to financial resources has been a catalyst as well as a challenge to the growth of this sector both in the short-term and long-term. The purpose of the study is to describe the sources of finance available for MSMEs in India and to comparatively analyze the trend in the provision of credit by the Scheduled Commercial Banks (SCB) and Non-Banking Financial Companies (NBFC) to the MSMEs. The findings of the study provide evidence that in India MSMEs look at the informal sources of finance predominantly compared to the formal financial institutions. Among the formal sources of finance, the NBFCs have outperformed the SCBs.

KEYWORDS: *Nbfc, Msme, Scheduled Commercial Banks, Formal Sources, Unorganized Sector.*

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