

**Semester VII**

**Discipline Specific Elective – DSE I 7.2**

**MSMEs Financing and funding**

Offered by Commerce Department, College of Vocational Studies

**CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE**

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Prerequisite of the course (if any)
		Lecture	Tutorial	Practical/Practice		
MSMEs in Financing and Funding	4	3	1	-		NONE

**Course Objective :**

The course aims to provide participants with a comprehensive understanding of the financial landscape for Micro, Small, and Medium Enterprises (MSMEs). The objective is to enable MSME entrepreneurs, managers, and financial officers to identify, access, and effectively manage various sources of finance and funding. By the end of the course, participants will be able to:

- Understand the financial needs and challenges specific to MSMEs.
- Identify and evaluate various sources of funding, including debt, equity, grants, and government schemes.
- Prepare and present bankable project proposals and business plans.
- Improve creditworthiness and maintain healthy financial records.
- Utilize alternative financing options such as venture capital, angel investors, and crowdfunding.
- Leverage government policies and support programs for MSME financing.
- This dynamic course aims to provide students with an in-depth understanding of the financial system and its significance in facilitating business strategy and operations. It includes a detailed analysis of the structures, components, and regulatory frameworks that constitute the financial system.

**Learning outcomes:**

Upon successful completion of the course, students will be able to:

- **Explain** the financial challenges faced by MSMEs and the importance of structured financing.
- **Identify and compare** different types of funding sources such as bank loans, NBFCs, government subsidies, venture capital, and crowdfunding.
- **Analyze** the suitability of various financing options based on business stage, sector, and size.
- **Develop** a comprehensive business plan or project report that meets investor and lender requirements.
- **Demonstrate** the ability to calculate key financial indicators such as ROI, break-even point, and loan repayment schedules.
- **Apply** for loans and grants by understanding documentation, eligibility, and due diligence requirements.
- **Use** government portals and fintech platforms for accessing credit and funding schemes.
- **Evaluate** risks associated with different financing options and develop basic mitigation strategies.

#### **Unit-I: Financial Planning and Strategy**

**11 hours**

Concept and Importance of Financial forecasting, Long-range planning and short-range planning, Components of the Formal Financial System; Overview of Indian financial system; Financial Market: Classification- Capital Market (Primary and Secondary); Role of MSMEs in Economic Development; Common Financial Challenges faced by MSMEs; Importance of Financial Planning and Management for MSMEs. Regulatory Structure of Financial Institutions and Markets. SEBI: Powers and Functions & Investor Protection Measures. RBI: Role of RBI in Indian Financial System.

#### **UNIT 2: Government Policies, Schemes, and Institutional Support**

**12 hours**

Key Government Schemes for MSME Financing (e.g., CGTMSE, PMEGP, CLCSS); Role of SIDBI, NSIC, KVIC, District Industries Centres (DICs); Subsidies, Incentives, and Credit Support Mechanisms; Digital Initiatives: Udyam Registration, TReDS Platform, PSB Loans in 59 Minutes. Case Studies on Effective Utilization of Government Schemes.

#### **Unit-3: Financial Services**

**11 hours**

Financial Services – Meaning, Concept and Importance of Financial Services, Types of Financial services: Fund Based and Fee based; Leasing and Hire Purchase finance; Factoring and forfeiting; Bills Discounting; Concept and Importance of Insurance; Types of Insurance; Merchant Banking

#### **Unit-4: Funding of Start Ups and MSMEs**

**11 hours**

Equity Share Capital, Preference Share Capital, Debenture-Types Public Deposit; International Sources of Finance: ADR, GDR, ECB, FCCB, FDI and FII; Crypto Currency, Angel Funding, Crowd Funding, Boot Strapping, Funding from incubators and accelerators and Alternate Investment Fund; Venture Capital Financing-Meaning and features of Venture Capital, Types of Venture Capitalist, Stages of Venture financing, Factors affecting Venture Capital financing.

#### **Practical activities:**

1. — To develop a financial strategy for a MSME, including recommendations for financing, investing, and managing risk.
2. Prepare a report on MSMEs financing options.
3. Assign teams to conceptualize a crowdfunding campaign for a social-impact MSME (e.g., sustainable crafts, organic farm produce).

#### **Suggestive readings:**

- Fundamentals of Financial Management – Prasanna Chandra (7e – 2023)
- Financial Services - M Y Khan (10e – 2022)
- Financial Management P.V Kulkarni (14e – 2015)
- Indian Financial System - Bharati Pathak (4e – 2014)
- Financial Services and Markets - Dr. Punithavathy Pandian - 2014
- Financial Management by I.M. Pandey
- Entrepreneurial Finance by J. Chris Leach & Ronald Melicher.
- Small and Medium Enterprises Under Globalisation by Dr. T.K. Velayudham
- Financing of Small Scale Industries by S.K. Basu
- MSME Annual Report – Ministry of MSME, Government of India  
<https://msme.gov.in>  
– Annual statistics, policies, and financing schemes for MSMEs.
- **SIDBI Reports** – Small Industries Development Bank of India  
<https://www.sidbi.in>  
– Access to reports on credit gaps, MSME development, and refinancing schemes.
- **RBI Reports on MSME Sector** – Reserve Bank of India  
<https://www.rbi.org.in>  
– Insight into credit flow, priority sector lending, and policy frameworks.