



## India: Expanding Credit Delivery for Micro-, Small-, and Medium-Sized Enterprises Project

Project Name	Expanding Credit Delivery for Micro-, Small-, and Medium-Sized Enterprises Project		
Project Number	51195-001		
Borrower/Company	Cholamandalam Investment and Finance Company Limited		
Country	India		
Location	Nation-wide		
Approval Number	7537/7537		
Type of ADB Assistance / Amount	7537	Ordinary capital resources	USD 150.00 million Approved
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Private sector development		
Sector / Subsector	<b>Finance</b> - Inclusive finance		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Private Sector Financial Institutions Division		
Responsible ADB Officer	Taneja, Anshukant		
Project Sponsor(s)			
Description	ADB to provide debt financing to Cholamandalam Investment and Finance Company Limited by subscribing to up to \$150 million (in INR equivalent) of senior secured nonconvertible debentures. The proposed debt financing will have a tranche structure with tenors of 3 to 5 years and respective bullet maturities.		
Objectives and Scope	Chola will use the proceeds of ADB's debt financing to finance loans to MSMEs in semi-urban and rural areas in India, with up to 30% of ADB's funding for the Loan Against Property segment, and at least 50% of the funding targeting less-developed states.		
Linkage to Country/Regional Strategy	The proposed transaction contributes to finance sector development by providing enhanced access to finance for MSMEs through an established NBFC, which is an important component of the finance sector in India. ADB's Midterm Review also seeks to promote inclusive growth. Without access to formal financial services and credit, lower-income people or underserved segments of the population will be excluded from the growth process and its benefits. According to ADB's country partnership strategy for India, 2018- 2022 and the country operations business plan, 2017-2019, ADB's nonsovereign operations will continue to focus on the finance sector and MSME development in India, which is also a high priority for the government.		

### Safeguard Categories

Environment	FI-C
Involuntary Resettlement	FI-C
Indigenous Peoples	FI-C

### Summary of Environmental and Social Aspects

Environmental Aspects	The business activities of Cholamandalam have minimal or no adverse environmental impacts
Involuntary Resettlement	Target customers for the MSME segment include micro and small manufacturers, service enterprises, wholesalers and distributors, agri-inputs stockists, traders and distributors of farm and MSME produce. Cholamandalam's established procedures for screening of all loans, for (i) the negative and exclusion list of activities and (ii) for potential land acquisition and involuntary resettlement impacts, will ensure that the proposed debt financing will not result in any involuntary resettlement impacts.

Indigenous Peoples	The project is not expected to entail any significant impact on indigenous peoples.
Stakeholder Communication, Participation, and Consultation	The primary stakeholders in the project are the MSME borrowers who will seek loans from Cholamandalam for their investment financing needs.

**Timetable for assistance design, processing and implementation**

Concept Clearance	13 Jun 2017
Due Diligence	
Credit Committee Meeting	16 Nov 2017 to 16 Nov 2017
Approval	08 Dec 2017
Last PDS Update	28 Sep 2018

Project Page	<a href="https://www.adb.org/projects/51195-001/main">https://www.adb.org/projects/51195-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=51195-001">http://www.adb.org/forms/request-information-form?subject=51195-001</a>
Date Generated	09 November 2018

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