

"A man is
great by
deeds, not by
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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**Does Supply Chain Finance help MSMEs in their Financial Performance?
Joyan's Dilemma**

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Please contact the corresponding authors if you would like to access the full case.

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Does Supply Chain Finance help MSMEs in their Financial Performance? Joyan's Dilemma

Abstract:

Mr Joyan founded Joyan's Pvt Ltd., an Indian MSME in Haridwar, Uttarakhand. The company sells automobile parts to market leaders. For two years, Joyan's Ltd. has had payment delays from the buyers. This threatens working capital. Joyan's Ltd. cannot address delays due to the buying corporations' bargaining strength. In April 2022, Joyan's bank advised him to join an SCF programme called "Reverse Factoring" to receive payments promptly following product delivery. The Bank would deduct a percentage as a commission. SCF improves cash flow management, builds a financially solid supply base, improves working capital position, provides easy access to funding, and reduces supply chain risks, improving financial performance. Joyan doubts the program's value and approaches a financial advisor to assist him in answering his concerns.

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