

Supply Chain Financing : Implementation and Way Forward in Indian Automobile Sector

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Abstract

For an enterprise, the availability of finance is crucial for success in the business. Supply Chain Finance (SCF) has gained importance and all partners such as suppliers, buyers, and financial institutions benefit from integration in finance solutions for an entire business, accelerated transaction system, and transformation in business for the next giant leap. This study aims to determine how SCF builds a mechanism to integrate buyer, seller, and financial service providers to move towards sustainable supply chain operation in the organization. The SCF programs in India by large-size enterprises in the Automobile manufacturing sector, which have many suppliers and dealers, have found to resolve liquidity and the working capital problem of their supply chain partners. The paper also covers the trade financing requirements in the supply chains of the big companies in the automobile sector and their large number of suppliers.

JEL Code : M10, M21, M40, O33

Keywords : Supply Chain Finance, Cash flow , Trade Finance; India

I. Introduction

GLOBALLY BUSINESS ENVIRONMENT is changing very fast to explore the ways for liquidity in the business. There is widespread recognition by the business organization that risk and opportunities in the supply chain (SC) should be managed within. Hence, most large companies run SC sustainability programs to manage their SCs.

In the changing business environment, suppliers across the globe are continuously facing financial challenges to bridge the payment gap needs of working capital. Trade across the globe is increasing every year. The global trends show (Figure 1) that developing economies are going ahead of

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