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Thank you for your letter of 2 November, about the difficulties members of the British Organisation of People of Indian Sub-Continental Origin have experienced in getting finance for their businesses.

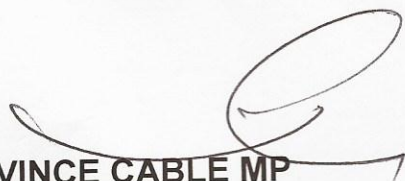
Unfortunately, due to an overseas visit on the 3 December, I am unable to attend your post-conference discussion event.

I appreciate that your members are concerned about access to finance and that this can lead to unnecessary business closure or inability to grow. Ensuring that businesses can access finance is priority for this Government. In September I announced that, as you mentioned in your letter, we are now taking the first steps in creating a Government-backed business bank, including new Government funding of £1 billion. It aims to attract private sector funding so that, when fully operational, it could support up to £10 billion of new and additional business lending.

I believe it is important to build a new single institution that will address long-standing, structural gaps in the supply of finance, identified in Tim Breedon's report on non-bank finance. It will bring together, in one place, Government finance support for Small and Medium sized Enterprises (SMEs). It will also control the Government's interests in a new wholesale funding mechanism which will be developed to unlock institutional investment to benefit small businesses.

The bank will operate at independently from Government. It will be professionally run and commercially focused. It will facilitate the provision of loans, including long-term capital, to UK firms through banks and other financial institutions. By harnessing the power of capital markets, it has the potential to transform business finance in the UK.

As you will appreciate, this is still in the early stages and more detail on the design of the bank and the types of interventions it will support will be provided later in the year.



VINCE CABLE MP

The Rt Hon Vince Cable MP

Secretary of State for Business, Innovation and Enterprise