

Government formalises over 2,000 spaza shops

Small Business Development Minister Khumbudzo Ntshavheni says her department has formalised over 2,000 spaza shops during the Covid-19 pandemic. Responding to oral questions in the National Assembly on Tuesday, Ntshavheni said this would assist the newly formalised businesses to build a credit profile, which would make them viable to access financing with banking institutions.



“We were able to formalise 2,242 spaza shops and [we] are processing applications from 4,406 spaza shops. We are already processing applications from 31 small-scale and informal bakeries, some of which are run by cooperatives. We have 33 applications from motor mechanics and panel beaters, and also from 15 enterprises that are making clothing and garments for our people,” she said.

The Minister’s response comes after it emerged that when government rolled out relief measures to individuals and small businesses during the early stages of the Coronavirus pandemic, many small businesses were operating informally.



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Ntshavheni had been asked to indicate what additional measures her department would initiate and implement to sustain formalised small businesses going forward. She said the dedicated informal and micro-business support schemes, which are targeted at spaza shops and general dealers, mechanics, panel beaters and fitment centres, micro agri-businesses and chesa nyamas, are not once-off interventions.

She said these small-scale businesses will be supported for the next 12 to 24 months through a support programme that will help them to get business support, business management, financial management and access to the market.



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“The importance of formalisation is that during this difficult period, you are able to assist these businesses to build a credit profile, and then they can be able to access credit from financial banks without being dependent on government.

“We are supporting these small enterprises to formalise and we will stay with them for the next 24 months because we want them to build a credit profile and run profitable businesses. We have also partnered with the banks to make sure they can create products that are suitable and less costly to the small and informal businesses.”

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