

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 4206

TO BE ANSWERED ON THE MONDAY, 27th MARCH, 2023, CHAITRA 6, 1945 (SAKA)

‘TReDS ELECTRONIC PLATFORM’

4206. SHRI MADDILA GURUMOORTHY:

Will the Minister of FINANCE be pleased to state:

- (a) the details and the features of TReDS electronic platform for facilitating and discounting of trade receivables of Micro, Small and Medium Enterprises;
- (b) the progress made with respect to its adoption, State/UT-wise; and
- (c) the details of the measures proposed to be taken by the Government in this respect and for enhancing liquidity in the sector?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. BHAGWAT KARAD)

(a): In order to address the constraints faced by Micro, Small, and Medium Enterprises (MSMEs) in obtaining finance, particularly in terms of their ability to convert trade receivables into liquid funds, Reserve Bank of India (RBI) had issued guidelines in December 2014 (updated on July 02, 2018) for the Trade Receivables Discounting System (TReDS)’ permitting the non-bank entities to set up and operate an electronic platform for facilitating the financing of MSMEs' trade receivables through multiple financiers.

Some of the salient features of TReDS platform are as follows:

- (i) Brings MSME sellers, corporate and other buyers, including the Government Departments and Public Sector Units, and financiers permitted by RBI, together and facilitates uploading, accepting, discounting, trading and settlement of the invoices / bills of MSMEs.
- (ii) Facilitates both receivables factoring as well as reverse factoring on the platform as the underlying entities are the same.
- (iii) Transactions processed under TReDS are “without recourse” to the MSMEs.

(b): Based on the information provided by the RBI approved three TReDS Exchanges viz Receivables Exchange of India Ltd. (RXIL), A.TReDS and Mynd Solutions Pvt. Ltd. (MIXchange), the progress made with respect to its adoption, State/UT-wise, is provided in the Annexure.

(c): Some of the measures taken by the Ministries/Departments in the Government of India for enhancing liquidity in the sector are as follows:

- (i) Ministry of MSME vide notification S.O no. 5621(E) dated 2.11.2018 instructed Central Public Sector Enterprises (CPSEs) and all companies with the turnover of Rs. 500 crore or more to get themselves on-boarded on the TReDS platform.

- (ii) Factoring Regulation Act (Amendment) was passed on 09th August, 2021, thereby, permitting Non-Banking Finance Companies (NBFCs) also to undertake factoring business and participate on the TReDS platform for discounting the invoices of MSMEs.
- (iii) Ministry of MSME has made an option on Udyam Registration Portal for MSMEs to onboard TReDS platforms in the interest of MSME sector.
- (iv) The Department of Public Enterprises (DPE) has issued instructions/guidelines from time to time for on-boarding of CPSEs on TReDS Platform.

Progress made on the TReDS platform, based on the information as received from RBI approved TReDS Exchanges.

Cumulative till Feb2023		
State Name	No of Invoice Financed	Amount Financed (in Rs crore)
Andaman & Nicobar Islands	-	-
Andhra Pradesh	19,320	1,999.74
Arunachal Pradesh	4	0.30
Assam	1,010	108.90
Bihar	15,003	1,006.09
Chandigarh	1,009	49.21
Chhattisgarh	7,881	1,518.77
Dadra & Nagar Haveli	7,778	283.00
Daman & Diu	16,147	280.58
Delhi	2,64,160	9,790.87
Goa	13,155	1,282.64
Gujarat	2,79,822	13,523.52
Haryana	2,82,623	7,981.13
Himachal Pradesh	18,463	766.94
Jammu & Kashmir	1,565	232.02
Jharkhand	1,44,943	3,761.19
Karnataka	5,80,017	10,490.87
Kerala	17,437	1,620.20
Madhya Pradesh	90,784	3,853.63
Maharashtra	21,55,676	33,115.50
Manipur	7	0.47
Meghalaya	-	-
Mizoram	26	2.71
Nagaland	15	0.99
Odisha	17,002	2,326.38
Pondicherry	20,932	296.45
Punjab	97,047	2,867.84
Rajasthan	1,12,123	5,559.67
Sikkim	34	1.28
Tamil Nadu	6,82,531	13,301.22
Telangana	1,35,292	11,056.39
Tripura	77	2.91
Uttar Pradesh	1,82,627	5,494.43
Uttarakhand	91,558	2,661.14
West Bengal	2,00,877	7,121.18
Grand Total	54,56,945	1,42,357.74

Source: RXIL, A.TReDS and M1Xchange

‘- ‘: Nil transaction