

**GOVERNMENT OF ODISHA
MSME DEPARTMENT**

Office Memorandum

NO. 1299 / MSME
MSME-IPE-MISC-0018-2022

Date : 16-02-2023

Sub: Participation of State Public Sector Undertakings, Municipal Corporations, State Level Autonomous Bodies / Societies, Sewerage Board, Housing Board, Development Authorities, etc. in Trade Receivables Discounting System (TReDS)

Ref: Finance Department (Government of Odisha) Resolution No. 31241/F dated 13.12.2022 (Copy enclosed)

Micro, Small and Medium Enterprises (MSMEs) are growth engines of the economy. They significantly contribute to Gross Domestic Product and exports. MSMEs provide largest employment and income opportunities next to agriculture. However, Indian MSMEs have not grown to their full potential due to many challenges. One of the major challenges faced by MSMEs is uncertain cash flow arising out of delayed payments from buyers of their goods and services. Delayed payments block their working capital resulting in delayed payment to their employees and suppliers, inability to meet other overhead costs and failure to plan for scaling up.

2. In order to help MSMEs overcome delayed payment problem, Reserve Bank of India has introduced a system called Trade Receivables Discounting System (TReDS). Guidelines for TReDS issued by Reserve Bank of India are available in the website of RBI. (https://m.rbi.org.in/scripts/Bs_viewcontent.aspx?Id=3504)

3. TReDS is an online digital platform for facilitating MSMEs to auction their trade receivables through multiple financiers (Banks, NBFCs, etc.) for prompt realization of their trade receivables at competitive discounted rates.

4. At present, following three TReDS platforms, duly permitted by RBI, are functioning in India.

- i. Receivables Exchange of India Ltd (RXILL) (<https://www.rxil.in>)
- ii. Invoicemart (<https://www.invoicemart.com>)
- iii. M1 Exchange (<https://www.m1xchange.com>)

5. Sellers (only MSME sellers), buyers (Corporates, Government Departments, PSUs, Government Agencies and any other entity) and financiers (Banks, NBFCs, etc.) can on-board onto a TReDS platform. Master Agreement shall be signed between the participants in the TReDS (i.e. Master Agreement between the financier and TReDS, Master Agreement between buyers and TReDS, Master Agreement between MSME seller and the TReDS). The Master Agreements would capture the aspects provided in the RBI guidelines and mutually agreed terms and conditions between both the parties.

6. Government of India has made it mandatory for all companies having annual turnover of Rs 500 Crore and above to on-board on TReDS.

7. Considering the benefits TReDS offers to MSMEs, Government of Odisha has been pleased to direct the following State Government Organisations to on-board on any of the 3 available TReDS Platforms.

- i. All State Public Sector Undertakings
- ii. All Municipal Corporations
- iii. State Level Autonomous Bodies / Societies
- iv. Sewerage Board, Housing Board, Development Authorities, etc.

8. I) All the above-mentioned State Government Organisations shall register themselves on any or all of the 3 available TReDS platforms as per their choice. Name of the platform on which onboarding has been done should be displayed prominently on the website of the Organization for dissemination amongst their MSME Vendors.

II) The Organisation shall then sensitize and handhold its MSME vendors to on-board on the same TReDS Platform whereafter normal transaction on TReDS platform should start for mutual benefit of the Organisation and its MSME Vendors.

Performance of these State Government Organisations on TReDS will be reviewed by State Government from time to time. MSME Department will function as Nodal Department for TReDS.


By order of the Governor



16.02.2023
Principal Secretary to Government

Memo. No. 1300 /MSME, BBSR 16-02-2023

Copy forwarded to P.S to Hon'ble Minister of MSME Department/ OSD to Chief Secretary, Odisha/ P.S to D.C-cum-ACS, Odisha/ PS to ACS, P.E Department/ PS to Principal Secretary, Finance Department for kind information of Hon'ble Minister/ Chief Secretary, Odisha/ D.C-cum-ACS, Odisha/ ACS , P.E Department / Principal Secretary, Finance Department.



16.2.2023

Additional Secretary to Government

Memo. No. 1301/MSME, BBSR 16-02-2023

Copy forwarded to all Department Secretaries of Government of Odisha for kind information and necessary action.

1. H & UD Department is requested to circulate it among all Municipal Corporations, Sewerage Board, Housing Board and Development Authorities.
2. PE Department is requested to circulate it among all State Public Sector Undertakings.
3. All other Departments are requested to circulate it among all State level Autonomous Bodies, State Level Societies and State PSUs under their control.

R. J. L.
16.2.2023

Additional Secretary to Government

Memo. No. 1302/MSME, BBSR 16-02-2023

Copy forwarded All Heads of Departments / All Public Sector Under takings/ All Municipal Corporations/ Sewerage Board/ Housing Board/ All Development Authorities/ All state level Autonomous bodies/ All State Level Societies for information and necessary action.

R. J. L.
16.2.2023

Additional Secretary to Government

Memo. No. 1303/MSME, BBSR 16-02-2023

Copy forwarded Accountant General (A&E), Odisha for information and necessary action.

R. J. L.
16.2.2023

Additional Secretary to Government

Memo. No. 1304/MSME, BBSR 16-02-2023

Copy forwarded to Director of Industries, Odisha/ Director, EP &M/ MD, OSIC Ltd/MD, OSFC/Secretary, OKVIB/CEO, IED/Executive Chairman, Start-up, Odisha/MD, OCCCL / MD, ORTSSL/ All GM, RICs/DICs for information and necessary action.

R. J. L.
16.2.2023

Additional Secretary to Government

Memo. No. 1305/MSME, BBSR 16-02-2023

Copy forwarded to all Officers of MSME Department/all Section of MSME Department for information and necessary action.

R. J. L.
16.2.2023

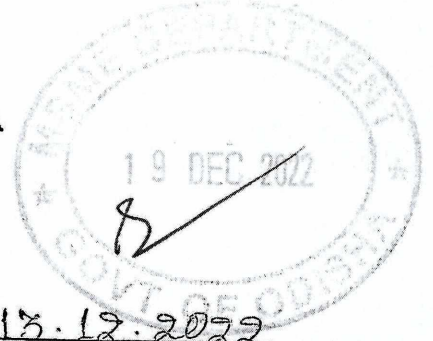
Additional Secretary to Government

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

RESOLUTION

No. 31241 /F, Dt. 18.12.2022

FIN-PUIF-MISC-0027-2022



V. G. Singh
PSF

Sub: Participation of Government agencies in Trade Receivables Discounting System (TReDS) platform.

Micro, Small and Medium Enterprises (MSMEs) are the growth accelerators of the Indian economy, contributing significantly in the country's gross domestic product (GDP). They are also integral part of the export supply chain and play an important role in employment generation across the country.

2. Despite the important role played by MSMEs in the economic fabric of the country, they continue to face constraints in obtaining adequate finance. Small ticket sizes, lack of credit history and insufficient collateral to raise funds from the traditional banking system are the primary issues faced by small businesses. They also face problems in terms of their ability to convert their trade receivables into liquid funds.

3. In order to address these pan-India issues, TReDS platform is institutionalised for financing of trade receivables of MSMEs from Corporates, Government Departments and Public Sector Undertakings (PSUs) through an auction mechanism with bidding by multiple financiers. TReDS platform helps MSMEs in early conversion of receivables to cash and that too at competitive rates based on rating of the Buyers.

4. The Government of India has mandated companies with a turnover of Rs.500 crore and all Central PSUs to on-board onto the TReDS platforms to democratize the digital ecosystem.

5. In the similar lines, State Government is pleased to order its various agencies to participate in the available TReDS platforms namely RXIL, Invoice Mart, M1 Exchange for settling the bills of MSME suppliers of goods and services. In the first instance, the following agencies who operate through Commercial Banks shall participate in TReDS platform:

Alexi Sahoo
20/11/22

- i. All State Public Sector Undertakings
- ii. All Municipal Corporations,
- iii. Sewerage Board, Housing Board, Development Authorities etc.
- iv. State level Autonomous Bodies/Societies

6. MSME Department is declared as Nodal Department for this purpose and would issue detailed operational guidelines/ Standard operating Procedure in this regard.

Order: *Ordered that this resolution be published in the Extraordinary issue of the Odisha Gazette.*

By Order of the Governor



(Vishal Kumar Dev)

Principal Secretary to Government

Memo No 31242 /F,

Date 18.12.2022

Copy forwarded to the Private Secretary to Additional Secretary to Hon'ble Chief Minister, Odisha/Private Secretary to Finance Minister/Principal Accountant General, Odisha, Bhubaneswar/ OSD to Chief Secretary/ Principal P.S. to DC-cum-ACS /All Departments of Government/All Heads of Department/ All RDCs/ All Collectors for information.


Deputy Secretary to Government

Memo No 31243 /F,

Date 18.12.2022

Copy forwarded to the Director, Printing, Stationery & Publication, Odisha, Cuttack for information and necessary action. It is requested to provide 20 copies to Finance Department for record.


Deputy Secretary to Government

Memo No 31244 /F,

Date 18.12.2022


Copy forwarded to the Sub-Nodal Officer (E-Gazette), Finance Information Division, Finance Department for hosting in the Finance Department website (<https://finance.odisha.gov.in>). The Resolution may be uploaded in the website of Finance Department and posted in the Social Media by the Social Media Cell (fd.odisha@gmail.com) for wider circulation.


Deputy Secretary to Government

Memo No 31245 /F,

Date 18.12.2022

Copy forwarded to all Officers of Finance Department/ all branches of Finance Department for information.


Deputy Secretary to Government