

MSME Funding

A close-up photograph of a person's hands counting gold coins. The hands are positioned in the center-right of the frame, with fingers carefully separating and counting the coins. The coins are small, round, and have a warm, golden-yellow hue. The background is softly blurred, showing more coins and the texture of the person's skin. A large, semi-transparent graphic overlay is present on the left side of the image, consisting of a teal-to-white gradient that curves around the text.

Importance of MSME

- Vibrant, Dynamic and Emerging sector
- Employment Generation
- Innovation
- Exports
- Inclusive Growth of the Indian Economy
- Vast network of approx. 650 Lakhs + enterprises
- Contributes around 45% in manufacturing growth, more than 40% in Exports
- But as per recent survey only 10% of MSME units are availing loan from Institutional Finance.



Definition of MSME

	Micro Enterprises	Small Enterprises	Medium Enterprises
Investment in Plant & Machinery/Equipment	Up to Rs 1 Crore	Up to Rs 10 Crore	Up to Rs 50 Crore
Turnover	Up to Rs 5 Crore	Up to Rs 50 Crore	Up to Rs 250 Crore

Definition of MSME

Investment in Plant & Machinery/Equipment

Micro
Enterprises

Small
Enterprises

Medium
Enterprises

Up to Rs 1 Crore

Up to Rs 10 Crore

Up to Rs 50 Crore

If an enterprise crosses the ceiling limits specified for its present category in **either of the two criteria** of investment or turnover, it will **cease to exist** in that category and be placed in the next higher category but **no enterprise** shall be placed in the **lower category** unless it goes below the ceiling limits specified for its present category in **both the criteria** of investment as well as turnover.

All units with **GSTIN** listed against the **same PAN** shall be **collectively treated as one enterprise** and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

Exports of goods or services or both, shall be **excluded** while calculating the turnover.

Turnover

Up to Rs 5 Crore

Up to Rs 50 Crore

Up to Rs 250 Crore

Definition of MSME

Investment in Plant & Machinery/Equipment

Micro
Enterprises

Small
Enterprises

Medium
Enterprises

Up to Rs 1 Crore

Up to Rs 10 Crore

Up to Rs 50 Crore

Calculation of Investment in Plant and Machinery or Equipment

- The calculation of investment linked to **the Income Tax Return (ITR)** of the previous years.
- In case of a **new enterprise**, where **no prior ITR is available**, the investment will be based on **self-declaration** of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR
- The value of a plant and machinery or equipment shall be considered **excluding GST**
- The value shall mean the **Written Down Value (WDV)** as at the end of the FY and **not cost of acquisition** which was applicable in the context of the earlier classification criteria.
- The expression “plant and machinery or equipment” of the enterprise includes all **tangible assets** (other than land and building, furniture and fittings).

Turnover

Up to Rs 5 Crore

Up to Rs 50 Crore

Up to Rs 250 Crore

Definition of MSME

Investment in Plant & Machinery/Equipment

Micro
Enterprises

Small
Enterprises

Medium
Enterprises

Up to Rs 1 Crore

Up to Rs 10 Crore

Up to Rs 50 Crore

Re-classification

- In case of an **upward change** in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise continue to avail of all **non-tax benefits** for a period of **three years** from the date of such upward change
- In case of **reverse-graduation** of an enterprise, whether as a result of re-classification or due to actual changes in investment in plant and machinery or equipment or turnover or both, and whether the enterprise is registered under the Act or not, the enterprise will continue in its **present category till the closure of the financial year** and it will be given the benefit of the changed status only with effect from **1st April of the financial year following the year** in which such change took place

Turnover

Up to Rs 5 Crore

Up to Rs 50 Crore

Up to Rs 250 Crore

Udyam Registration

As per the revised MSME definition, Udyam Registration Number is one of the **mandatory requirement** for classifying a unit as MSME. As per extant guidelines, **the existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAM) of MSMEs obtained till June 30, 2020 are valid up to 30.06.2022** and all these units to get themselves registered on Udyam Registration portal (www.udyamregistration.gov.in) to be eligible for classification under MSME.

There are few other websites also from where we can fetch data of MSME unit at district level. Such as

www.dcmsme.gov.in,

www.standupmitra.in,

www.psbloansin59minutes.com





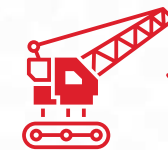
Fund Based Working Capital

- ☐ Cash Credit,
- ☐ Overdraft Facility
- ☐ Export Limits
 - Packing Credit (INR/FC)
 - Post Shipment Finance (INR/FC)
 - Foreign Currency Loans
 - Advance against documentary bills sent on collection basis
 - Packing credit and Bill discounting limits against LC
- ☐ **Channel Finance & TReDS** (Bill discounting non LC)



Non Fund Based Working Capital

- ☐ Letter of Credits (Inland/Import)
- ☐ Back to Back LCs
- ☐ Bank Guarantee
- ☐ Shipping Guarantees
- ☐ Guarantee for trade credit
- ☐ ECB
- ☐ Hedging Tools:
 - Forward Contract, Options, Finer Exchange Rates etc



Term Loan/FCTL

- ☐ Purchase of Machinery /Equipment
- ☐ Capacity Augmentation,
- ☐ Setting up of industrial units.
- ☐ Other commercial Purpose Ware Housing, Office spaces/ Buildings, Godown, shops etc
- ☐ Machinery Import (TL + LC)

Credit Guarantee Schemes

Objective of providing collateral free loans extended to Micro & Small Enterprises

- (a) Credit Guarantee Fund for loan to Micro Units (**CGFMU**) for the purpose of providing guarantees to loans extended under **Pradhan Mantri Mudra Yojana** (PMMY)
- (b) Credit Guarantee scheme for Stand-up India (**CGSSI**) for the purpose of providing guarantees to loans extended under **Stand-up India Scheme**.
- (c) Also, Government of India through Ministry of Social Justice and Empowerment has launched Credit Enhancement Guarantee Scheme for the Scheduled Castes (**CEGSSC**) for **SC entrepreneurs** engaged in **Small and Medium** Enterprises.
- (d) **CGTMSE collateral free** credit limits upto **Rs.500 lacs** under Credit Guarantee Scheme for **MSEs** subject to availability of Credit Guarantee cover, satisfaction of borrower's track record and good & sound financial position
- (e) **CGTMSE -“Hybrid Security”** product i.e. Partial Collateral security under Credit Guarantee Scheme wherein the Bank shall be allowed to obtain Collateral Security for a part of the Credit Facility, whereas the remaining part of the credit facility, up to a maximum of **Rs 500.00 lakh**

Collateral Free Loan

**IS COLLATERAL SECURITY
MANDATORY?**

NO

- No Additional Security.
- No Third Party Guarantee.
- Only Prime Security is Available.
- In Case of
 - Working Capital – Stock & Book debts/Bills
 - Term Loan – Asset which is created out of the loan
- Personal Guarantee is MANDATORY



Credit Guarantee Fund Trust for Micro and Small Enterprises

Establishment

- Set up as a Trust in August, 2000 and administered by a Board of Trustees
- Government of India and Small Industries Development Bank of India (SIDBI) – Contribution ratio 4 :1
- Micro & Small Enterprises as per MSMED Act eligible
- All Manufacturing, Trading and Service sectors covered



CGTMSE

Key Objectives

- Shift from collateral to merit-based lending
- Act as catalyst for entrepreneurship promotion
- Facilitate institutional credit flow to MSE sector
- Address growth constraints of MSE sector
- Enable employment generation
- Revive confidence in credit guarantee mechanism



CGTMSE

Important Features

- Micro & Small Enterprises as per MSMED Act eligible
- All Manufacturing, Trading and Service sectors covered
- Credit Facility up to Rs. 5.00 crore (**Per Borrower from Banking Industry**)
 - Rs. 50 Lakhs - RRB/ MFI upto Rs. 50 Lakhs
 - Rs. 2.00 Crores - SFB, Urban/ State/ District Co-Op Bank
 - Rs. 5.00 Crores – PSB, Pvt. Bank, Foreign Bank
- All fund (**Both TL/WC**) / Non-fund-based facility covered
- All type of constitutions eligible
- Udyam registration is **must** (<https://udyamregistration.gov.in>).
- No Collateral/Third Party Guarantee (**Except in case of Hybrid Security**)
- ROI as per RBI Guidelines (w.e.f 31.10.2018)



Exposure Limit Calculation:

Term Loan

Fully disbursed - Only O/s balance

Partially disbursed - Sanctioned Amt.

Working Capital

Full Sanctioned Limit

CGTMSE

Eligible Credit Facilities

- 📌 Existing Working capital can also be covered at the time of renewal.
- 📌 As on **material date** (i.e. date of obtaining credit guarantee coverage) account is **standard and regular** (not SMA) as per RBI guidelines.
- 📌 MLIs can now apply for **coverage anytime during the tenor of loan** subject to the condition that
 - (i) Fresh coverage is obtained;
 - (ii) account has not been restructured;
 - (iii) not in SMA-II status in last 1 year;
 - (iv) account has not been covered under CGTMSE earlier.
 - (v) Account should not be NPA
- ❖ **In case of hybrid model CGTMSE will have notional second charge on the collateral security**

Borrower Category	MAXIMUM GUARANTEE COVERAGE (w.e.f 01.12.2022)		
	Up to Rs.5 lakhs	Above Rs.5 lakhs up to Rs.50 lakhs	Above Rs.50 lakhs up to Rs.500 lakhs
Micro Enterprises	85%	75%	75 %
MSEs located in Northeast Region (incl. Sikkim, UT of Jammu & Kashmir & UT of Ladakh)	80%		
Women entrepreneurs / MSE promoted by Agniveers	85%		
MSEs situated in Aspirational District my.msme.gov.in/MyMsme/List_of_AspirationalDistricts.aspx	85%		
ZED certified MSEs	85%		
SC/ST entrepreneurs / Person with Disability (PwD)	85%		
All other category of borrowers	75%		



Annual Guarantee Fee

Slab	Standard Rate	Fee rate after 10% discount	Fee Rate with Risk Premium			
			15%	30%	50%	70%
Up to Rs. 10 lakhs	0.37	0.33	0.43	0.48	0.56	0.63
>Rs.10 lakh up to Rs.50 lakhs	0.55	0.50	0.63	0.72	0.83	0.94
> Rs.50 lakhs up to Rs.1 crore	0.60	0.54	0.69	0.78	0.90	1.02
> Rs.1 crore up to Rs.2 crore	1.20	1.08	1.38	1.56	1.80	2.04
> Rs.2 crore up to Rs.5 crore	1.35	1.22	1.55	1.76	2.03	2.30

- AGF will be charged on the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.
- Further applicable GST and Incidental charges over and above of Standard rate shall be charged from the borrower.

Annual Guarantee Fee

In addition to above, following Categories have been identified for additional concession / relaxation in guarantee fee. The details as given in the table below

Category	Social Category (Weaker Section/Underserved Section)	Geographic	MSE Status
Target Group	Women/SC/ST/Person with disability (PWD)/Agni veers	NER incl. Sikkim, UT of Jammu & Kashmir & UT of Ladakh (Up to Rs, 50 Lakh)/Aspirational Districts/ ICDDs*	** ZED Certified
Relaxation/ Concession in Rate	10%	10%	10%

An MSE falling in all the above three categories viz. Social, Geographic, MSE Status shall be eligible for **maximum discount of 30%**.

* ICDDs-Identified Credit Deficient Districts

** Official website of ZED is <https://zed.msme.gov.in/>



Bronze



Silver



Gold

Tenure of Guarantee Cover



Term Loan:

- For entire agreed tenure of Term Loan



Working Capital Limit:


- For period of 5 Years
- Further for block of 5 years (i.e. can be renewed after completion of initial 5 years block coverage)
- There is no maximum capping for guarantee coverage for period of working capital limits.





psbloansin **59** minutes.com[®]

- In-principle Loan Approval scheme
- The applicant is requested for details pertaining to their GST, IT returns, Business setup and the portal shall offer loan products from authorized banks.
- convenience fee of Rs.1000+GST
- Loan amounts starting from Rs.10 lakh up to Rs.5 crore

An isometric illustration on a dark blue background. In the center is a white classical bank building. Above it is a large yellow coin. To the left, a transparent screen displays a line graph and a bar chart. In front of the building are stacks of green money and several yellow coins. Three small human figures are walking around the base of the building. The entire scene is surrounded by concentric white circles, suggesting a digital or networked environment.

apply, choose, get loan
**from anywhere,
anytime**

one application
multiple banks
multiple loan offers
comfort of your home

partner banks



Two Most Powerful Government Schemes



1. CGTMSE LOAN

5 Cr Loan without
Property



2. PMEGP LOAN

50 Lakh Loan with
35% Subsidy

PMEGP Category & Subsidy

LEVEL OF SUPPORT- For setting up of new micro enterprise (units)

Categories of beneficiaries under PMEGP (for setting up of new enterprises)	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
		Urban	Rural
Area (location of project/unit)			
General Category	10%	15%	25%
Special Category (including SC,ST,OBC, Minorities, Women, Ex-Servicemen, Transgenders, Differently abled, NER, Aspirational Districts, Hill and Border areas (as notified by the Government) etc.	05%	25%	35%

Note

- 1) The maximum cost of the project/unit admissible for Margin Money subsidy under Manufacturing sector is ₹ 50 lakhs
- 2) The maximum cost of the project/unit admissible for Margin Money subsidy under Business/Service sector is ₹ 20 lakhs.
- 3) The balance amount (excluding the own contribution) of the total project cost will be provided by Banks.
- 4) If the total project cost exceeds ₹ 50 lakhs or ₹ 20 lakhs for Manufacturing and Service/Business sector respectively, the balance amount may be provided by Banks without any Government subsidy
- 5) Normal rate of interest shall be charged. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed by our Bank

PMEGP Category & Subsidy

LEVEL OF SUPPORT- 2nd Loan for upgradation of existing PMEGP units

Categories of beneficiaries under PMEGP (for upgradation of existing units)	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)
All Categories	10%	15% (20% in NER and Hill States)

Note

- 1) The maximum cost of the project/unit admissible for Margin Money subsidy under Manufacturing sector for upgradation is ₹ 1.00 crore. Maximum subsidy would be ₹ 15 lakh (₹ 20 lakh for NER and Hill States).
- 2) The maximum cost of the project/unit admissible for Margin Money subsidy under Business/Service sector for upgradation is ₹ 25 lakh. Maximum subsidy would be ₹ 3.75 lakh (₹ 5 lakh for NER and Hill States)
- 3) The balance amount (excluding the own contribution) of the total project cost will be provided by Banks.
- 4) If the total project cost exceeds ₹ 1.00 Crore or ₹ 25.00 lakhs for Manufacturing and Service/Business sector respectively, the balance amount maybe provided by bank without any Government subsidy
 - Projects without Capital Expenditure are not eligible
 - Normally, cost of the land should not be included in the Project cost. Lease or rental work shed/workshop could be included, however, it should be taken for a maximum period of 3 years only

Negative List of Activities - which are not be accepted for funding under PMEGP

- Any Industry / Business connected with Meat(slaughtered), however, serving/selling non-vegetarian food at Hotels/Dhaba will be allowed
- Sale of intoxicant items like Beedi/Pan/ Cigar/Cigarette etc.
- Activities prohibited by Local Government/Authorities keeping in view environment or socio-economic factors will not be allowed
- Manufacturing of polythene carry bags of less than 75 microns thickness. Thickness of polythene carry bags shall be governed by the Ministry of Environment, Forest and Climate Change notification from time to time.
- Industry/Business connected with cultivation of crops/plantation will not be allowed. However, value addition under these & Off Farm/Farm Linked activities in connection with sericulture, horticulture floriculture etc. will also be allowed.
- Industries/Business connected with following Animal Husbandry shall be allowed-
 - ✓ Dairy, Poultry, Aquaculture, Insects & (piggery as a special case only in NER states)

BANK FINANCE - FOR PMEGP units

- Bank to finance Capital Expenditure in the form of Term Loan and Working Capital in the form of cash credit. Project can also be financed by the Bank in the form of composite loan consisting of Capital Expenditure and Working Capital.
- For Manufacturing units, Working Capital component should not be more than 40% of the project cost and for units under Service or Trading sector, the Working Capital shall not be more than 60% of the project cost.
- In case the incurred Capital Expenditure and Working Capital Expenditure (at the end of the third year from the commencement of production) is less than the sanctioned amount under the Bank loan (including own contribution), the excess Margin Money (subsidy) (against the shortfall) shall be refunded to KVIC.
- ROI & repayment schedule - ROI - Normal rate, Repayment - 3 to 7 years plus moratorium as prescribed by Bank.

PMEGP Loan Process (7 Step Process)

1



**Know The Eligibility
Criteria**

PMEGP LOAN- PROCESS

1



Know The
Eligibility Criteria

IMPLEMENTING AGENCIES= KVIC, KVIB AND DIC



PMEGP LOAN- PROCESS

PMEGP Portal

GRIEVANCE MONITORING SYSTEM LOGIN FORM

User ID:

Password:

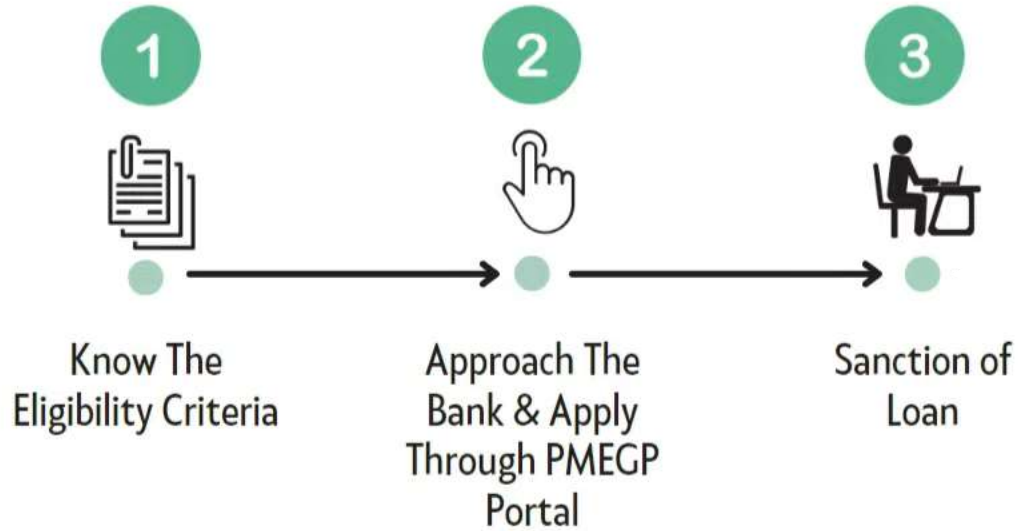
Login

Designed and Developed by Directorate of Information Technology(DIT),KVIC,Mumbai

EDP= ENTREPRENEURSHIP DEVELOPMENT PROGRAMME



PMEGP LOAN- PROCESS



CED GUJARAT LIMITED

(A GOVERNMENT OF GUJARAT UNDERTAKING)
Gandhinagar

Certificate

CED GUJARAT LIMITED (CGL), Gandhinagar
is pleased to award this certificate to

Shri / Smt/ Kum. [REDACTED] for

Entrepreneurship Development Programme - EDP - II

From Date: 14/06/2023 To Date: 27/06/2023

through: Online Mode

after successful completion of the training.
The certificate is valid for 3 Year from the date of issue.

Date: [REDACTED]
Place: Gandhinagar


Dr. R. N. Prasad
Managing Director

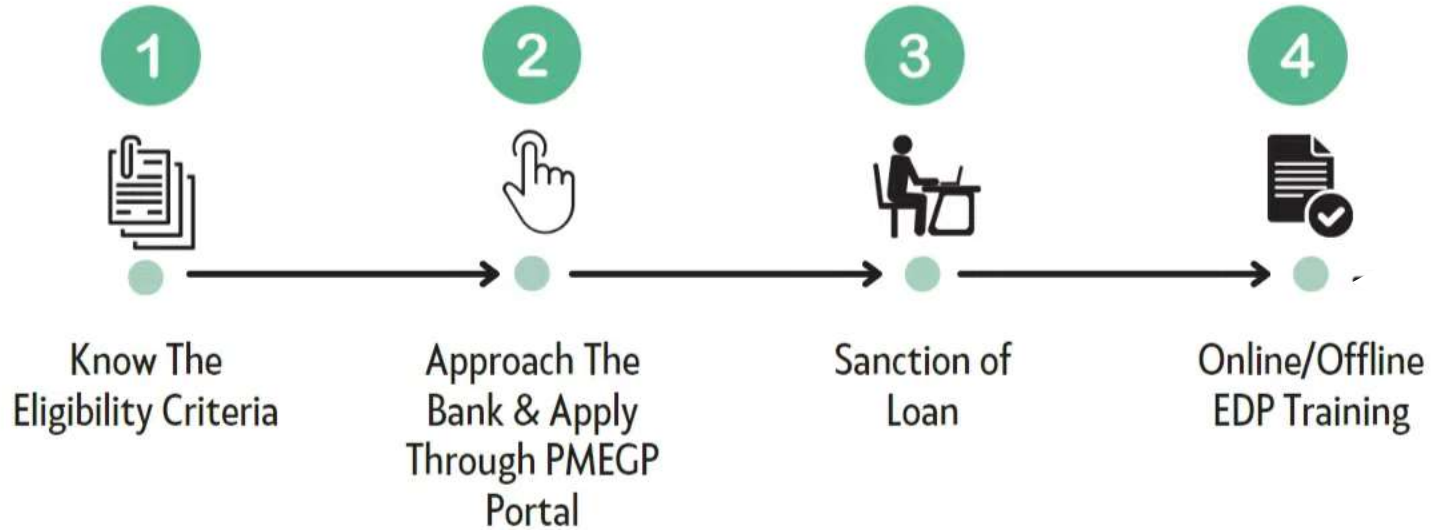

<https://cgl.gujarat.gov.in/>

EDP-II : 2 weeks

NOTE: THIS IS COMPUTER GENERATED CERTIFICATE AND IT DOES NOT REQUIRE MANUAL SIGNATURE

EDP CERTIFICATE

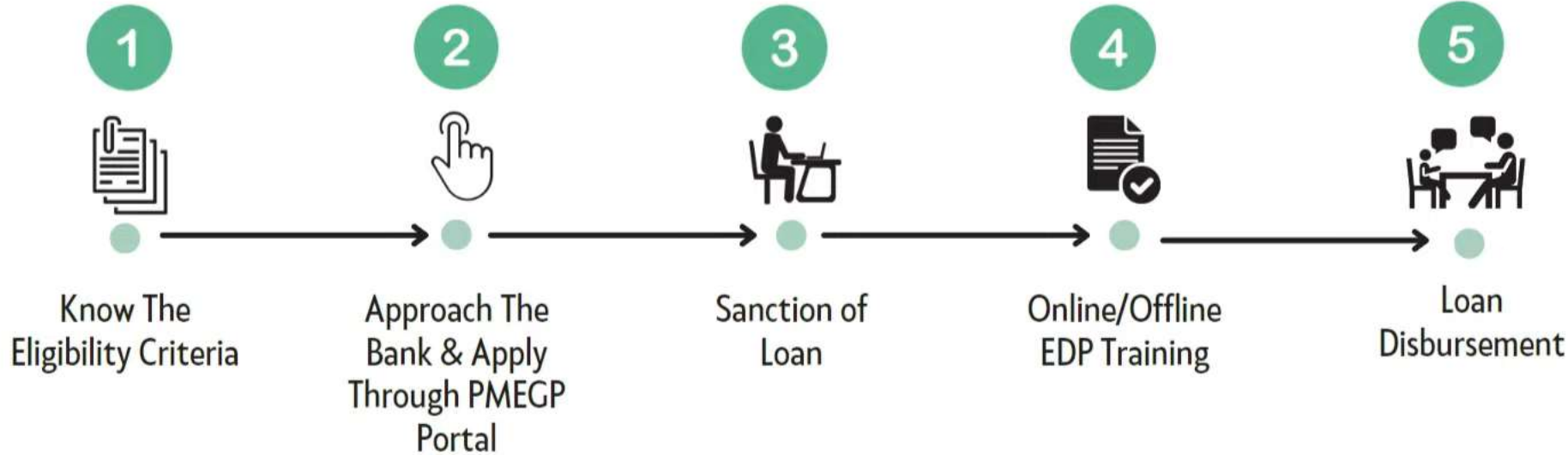
PMEGP LOAN- PROCESS



PMEGP LOAN- PROCESS



कामये दुःखतप्तानाम्।
प्राणिनाम् आर्तिनाशनम्॥



KVIC

Term Deposit with Lock in Period

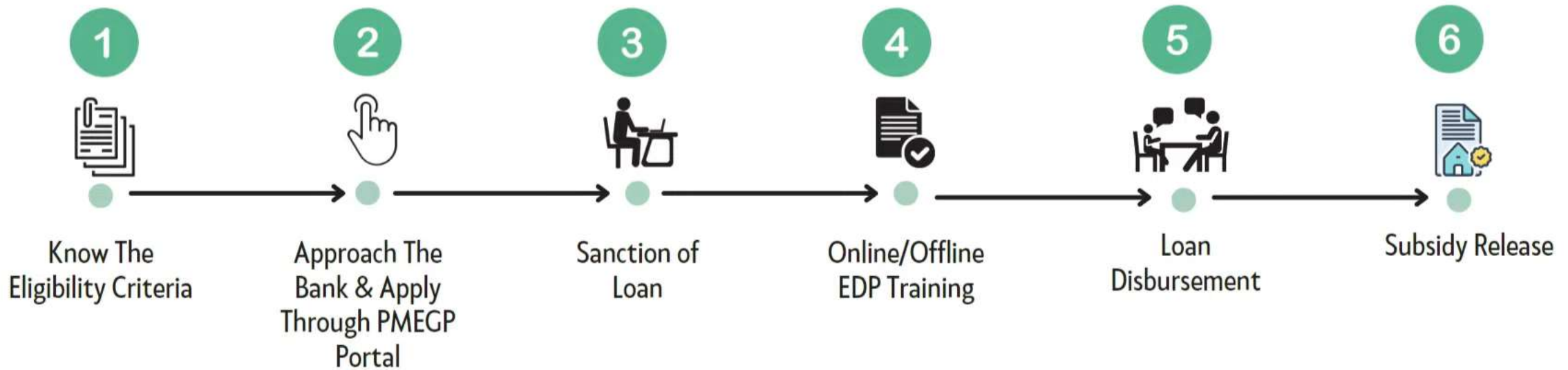
(3 Years)

Subsidy Transfer



BANK

PMEGP LOAN- PROCESS



SUBSIDY ADJUSTMENT LETTER



Delayed Payment Act for MSMEs

The period agreed upon between the supplier and the buyer shall not exceed **forty five days** from the date of acceptance or the day of deemed acceptance.

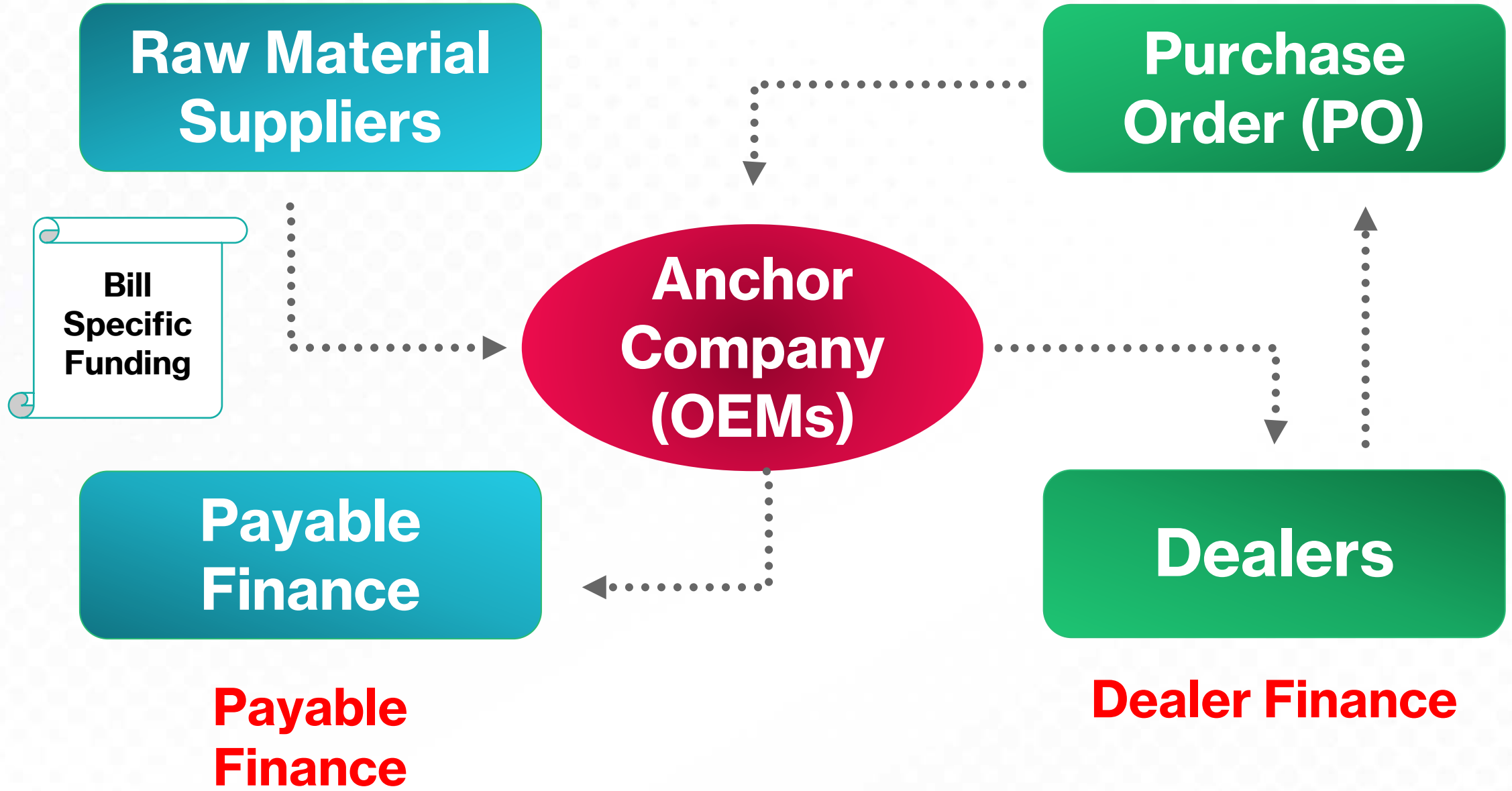
In case the buyer **fails to make payment** of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at **three times of the Bank Rate** notified by Reserve Bank



CHANNEL FINANCE
(Automated Invoice Finance)

Vendor Finance

PO Based Dealer Finance



Benefits of Channel Finance

To the Manufacturers (OEM):

Pre and post-production working capital requirement of the manufacturing concern stands reduced. Cash Flow and reconciliation would be smooth & efficient.

To the Vendors/Suppliers :

They need **not wait** for the manufacturer to make payment. The Bank provides funds by discounting the Invoices/Bills by which their supply chain will continue to remain undisturbed.

- To the Dealers/Distributors :

- Since the bank makes payment to the manufacturer by discounting the Invoices/Bills, the dealer **gets a credit period** and can **concentrate on sales to get a better rate** from the ultimate consumer.

Benefits of Channel Finance

To the Financing Bank :

- **Effective due diligence** of the borrowers especially in the MSME segment
- **Smoothness of lending** activity & loan origination process.
- The Bank ensures **better credit discipline** & the **risk is diversified**
- Deployment of **short-term credit**
- Helps in **boosting Retail & SME portfolio**.
- Reduces operational cost **Paperless financing through automation** & better liquidity and Cash flow.



TReDS

TReDS is a short name used for the scheme of **Trade Receivables Discounting System**

TReDS is a hi- tech digital platform for facilitating MSMES to auction their trade receivables at competitive rates through transparent online bidding by multiple financiers (BANKS AND NBFC FACTORS).

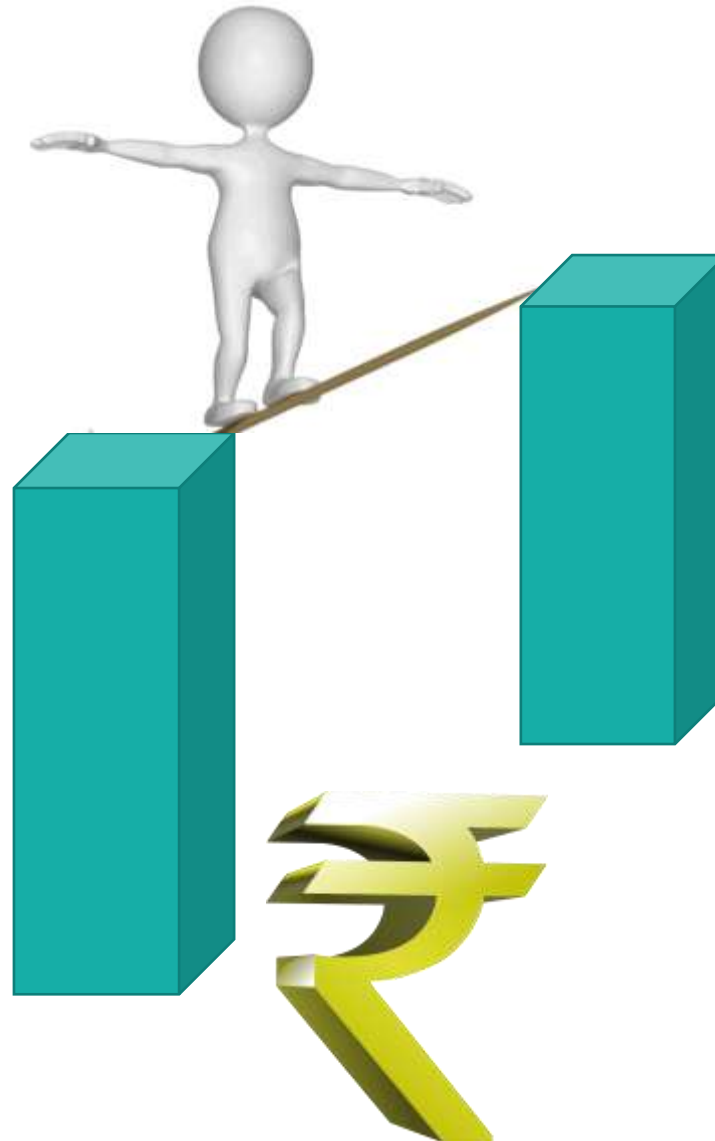
These receivables can be due from corporates and other buyers, including Government departments and Public Sector Undertakings (PSUs).

NEED FOR TReDS

MSMEs are supplying their products to various PSUs/ Corporates on PAN India



But the problem is that they have to give 45 to 90 days credit period.



At the same time many MSMEs have to pay cash or gets short credit period say for 15 days only from their suppliers



Therefore all MSMEs are walking on a tightrope to match their cash flow which makes them desperate.

Objectives of TReDS



The main objective of TReDS is to address the critical financial needs of MSMEs by promptly financing their trade receivables based on buyer's credit rating as well as to address the delayed payment issues.

TReDS is a digital platform to help MSMEs to promptly get their trade receivables financed by discounting their invoices raised against PSU / Corporate buyers at a competitive rate through an auction mechanism, where multiple financiers can bid on invoices.

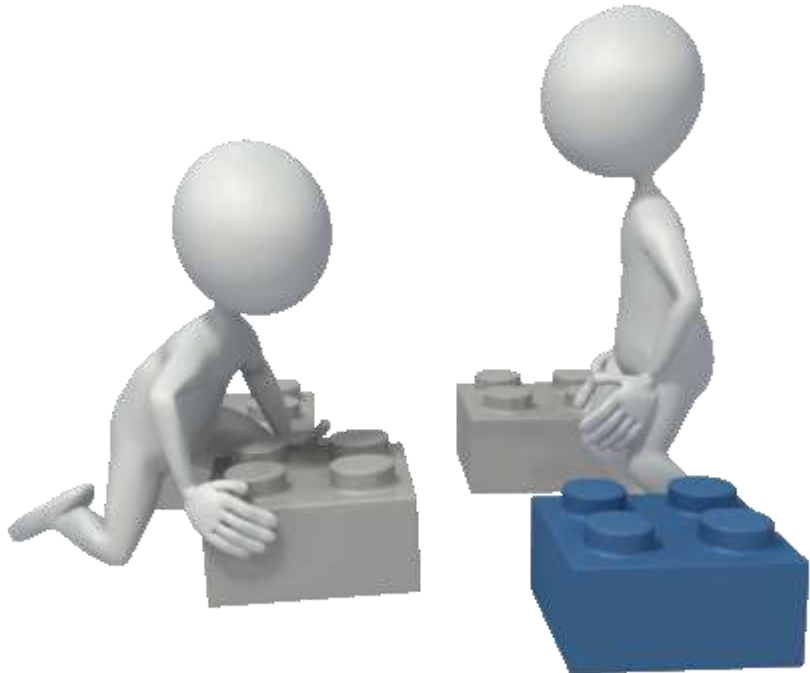
Other Important Aspects of TReDS:



- Unified platform for Sellers, Buyers and Financiers
- Transact online
- Eliminate papers
- Easy access to funds
- Competitive discount rates
- Seamless data flow
- Standardised practices

WHO OPERATES THE PLATFORM

TReDS platform was launched by RBI in 2018. Presently there are three platforms approved by RBI.



Receivables Exchange of India Limited
(NSE & SIDBI JV)



M/s Mynd Online National Exchange
(M1 Exchange)



A TReDS Ltd,
www.invoicemart.com
(Axis Bank in JV with M-Junction)



TReDS Process Flow

ONBOARDING

TReDS Platforms



RXIL
NSE - SIDBI JV



ENTITY CREATION

Seller & Buyer

Register with TReDS agencies & execute master agreement



VERIFICATION

TReDS agencies undertake verification and due diligence



ONBOARDING FEES

Entities then need to pay onboarding fees.



TReDS Process Flow

Factoring unit

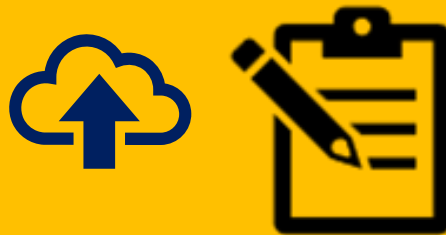
PRE-REQUISITES

Shipment of goods from vendor to buyer .
Financier defines limit on buyer i.e. Corporates/PSUs.



UPLOAD OF INVOICE

Seller / Buyer needs to upload invoices on the TReDS platform.



ACCEPTANCE

Counter party (Buyer/Seller) accepts Invoice online. Invoice converted to factoring unit



Factoring : When the MSME seller uploads the Invoices and bears the interest cost. It is termed as "**Factoring**" i.e. (Single Seller - Multiple Buyers).

Reverse Factoring: The buyer initiates the transaction and the interest cost also may be borne by the Buyer. i.e. (Single Buyer - Multiple Sellers).

TReDS Process Flow

AUCTION

BID OFFERINGS

Financiers i.e. Bank/NBFC (With defined limits on Buyers) will bid on Invoices online.



BID ACCEPTANCE

Counter party (Buyer/Seller) will accept best bid in the auction.



OBLIGATION

TReDS platform will generate LEG-1 obligation, i.e. Financier to Seller



TReDS Process Flow

SETTLEMENT

Leg 1 (T+1)

Means debit financier and credit seller register Factoring Unit with CERSAI



LEG 2 (Due Date)

Debit to Buyer and Credit Financier. Which brings satisfaction of Factoring Unit from CERSAI



LEG 3

In case of Unfinanced or failure .
Buyer shall pay to vendor



TReDS Process Flow

REALIZATION



In the RBI Monetary Policy dated 10.02.2022:

The Reserve Bank of India increased the NACH mandate limit for TReDS settlement to **Rs. 3 crore**. MSME sellers, Corporate buyers and banks are all connected through the same platform and within 24-72 hours, will have access to working capital by bill discounting unpaid invoices.



TReDS ARCHITECTURE

MSME SELLER



SELLER BANK



TReDS Platform

**SPONSOR
BANK**

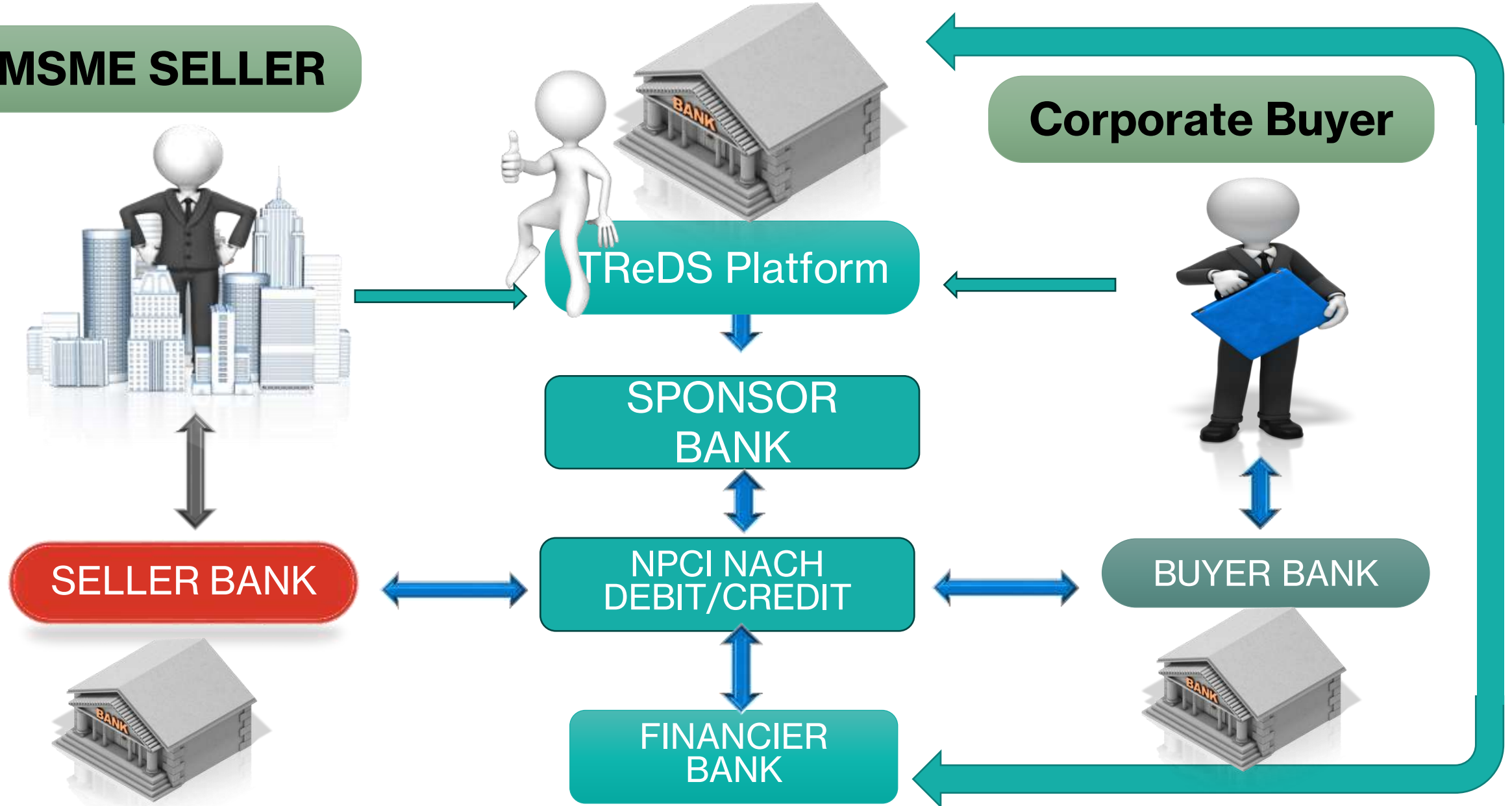
**NPCI NACH
DEBIT/CREDIT**

**FINANCIER
BANK**

Corporate Buyer



BUYER BANK



Key Benefits to MSME Seller

MSME SELLER



Online digital platform



Paperless and hassle-free process



Competitive price discovery through auction (get financing at best rates)



Lower cost of financing as financing based on buyer's credit profile



Without recourse to the MSME vendor



No follow-ups for payment



Efficient working capital management due to improved liquidity



Low administration & operational cost



Faster transaction & low turnaround time for financing



Widening financing options for MSME vendors

Key Benefits to Corporate Buyer



**Compliance
with MSMED
Act, 2006**



**Competitive
price
discovery
through
auction**



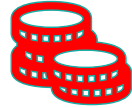
**Lower
supply
chain cost
for buyers**



**Ensure
timely
payment to
MSME
vendors**



**Help
efficient
cash-flow
management**



**Alternate
and efficient
vendor
payment
system**

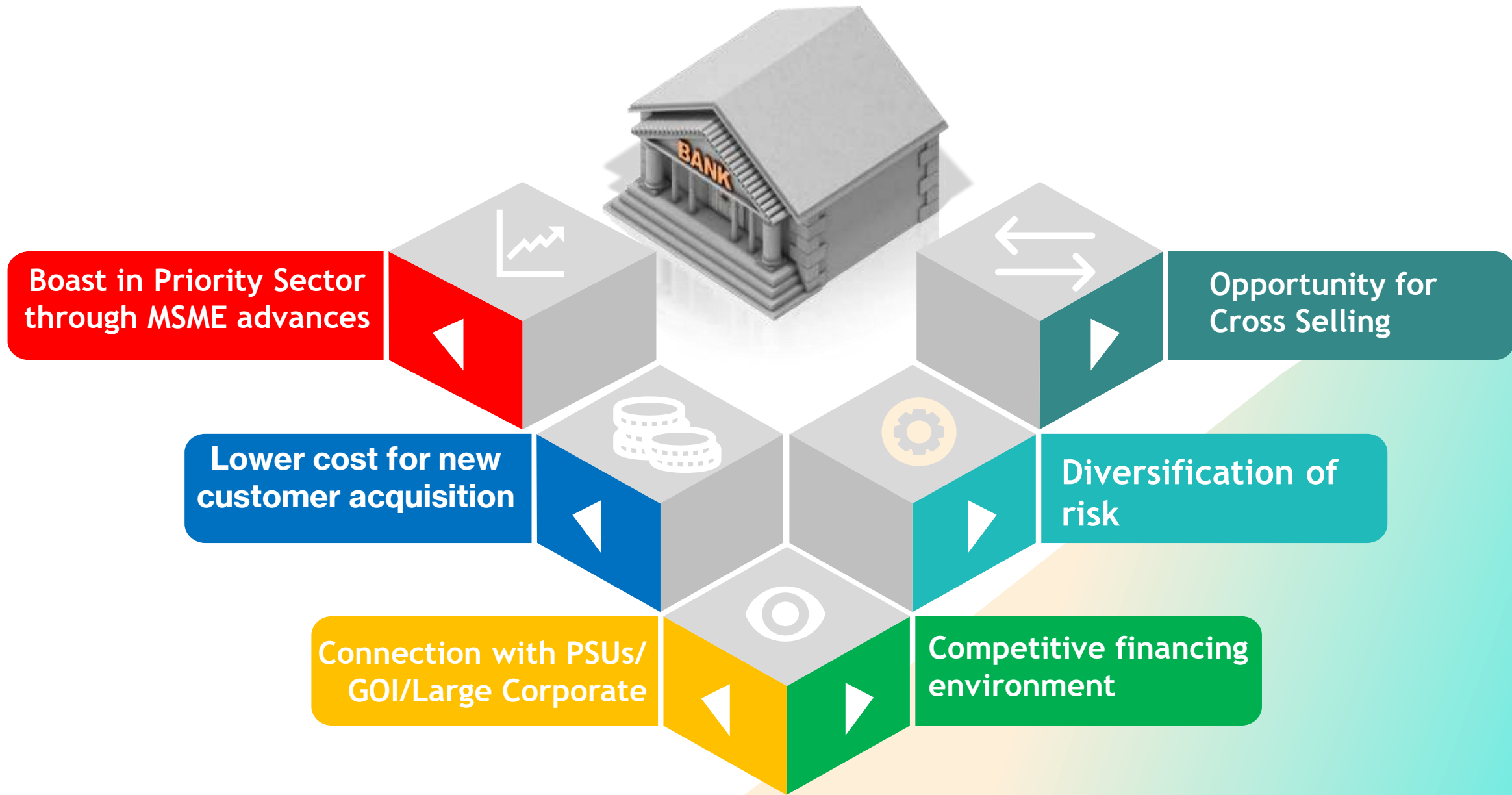


**Stable
supplier
base**



CORPORATE BUYER

Key Benefits to BANKS OR NBFC



Concerns

There are two concerns limiting TReDS' full-fledged take-off.



1

Many companies believe that their competitors will be able to figure out where they source their materials

2

Firms often prefer to give lengthier credit terms to suppliers and will not recover receivables within 45 days

Other Important Points

Individual financed invoices shall be registered with **CERSAI** for assignment from seller to the financier

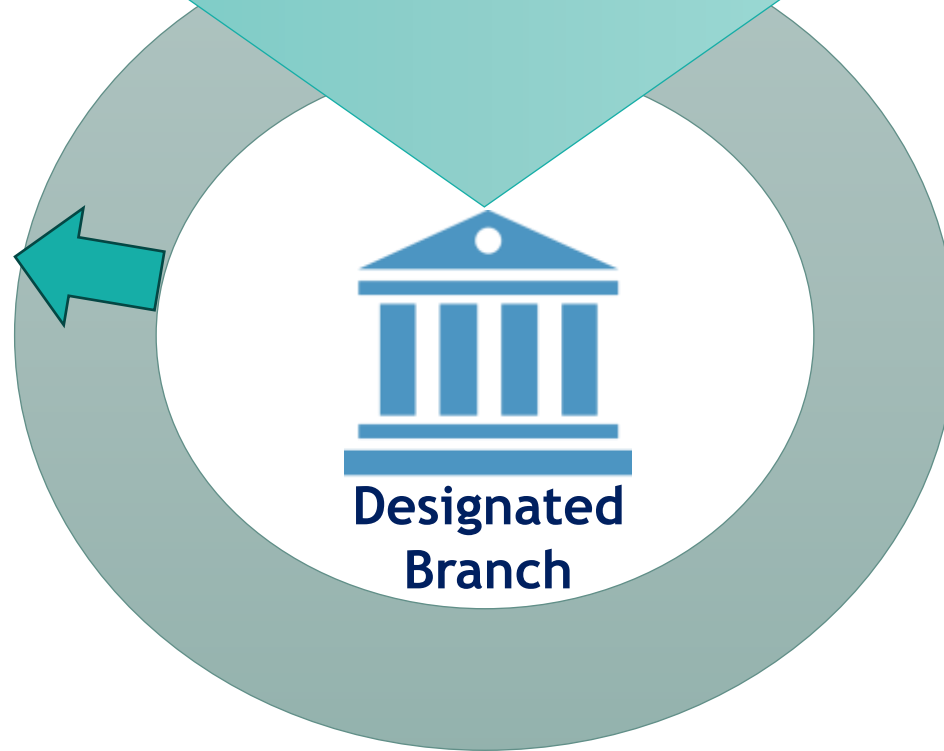


Other Important Points



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All Banks are having Designated Branches or Back Office



Other Important Points



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Designated Branch

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Settlement of funds are done through **NACH system.**



Other Important Points



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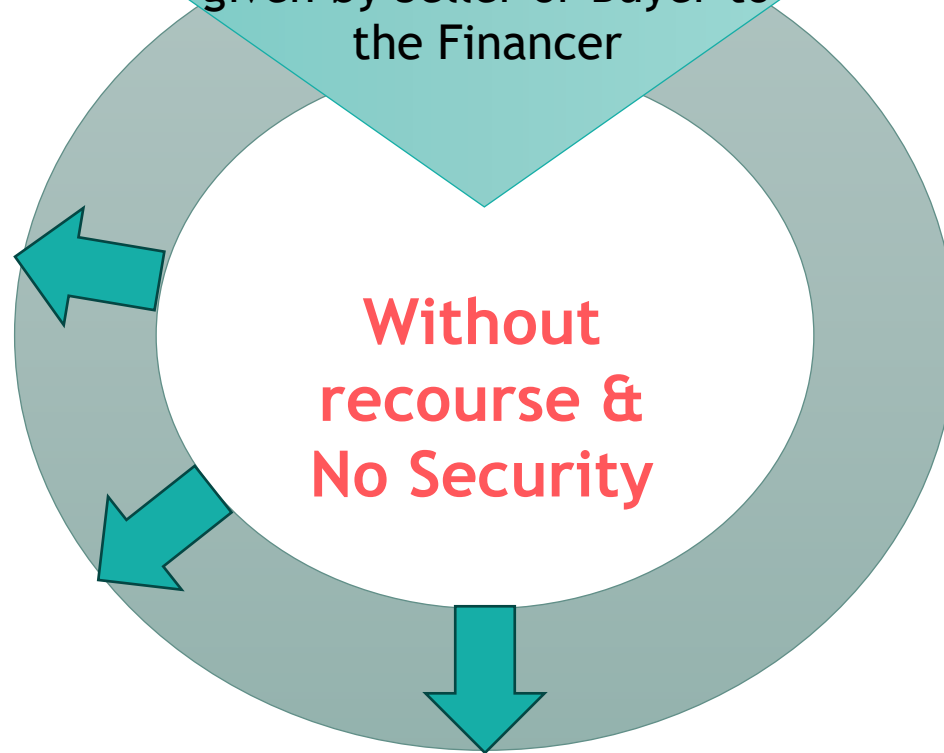


Designated Branch

Mumbai Main Office (MMO),
Nariman point, Mumbai (SOLID
537896) in coordination with
CP&MSME department.

The financing of factoring units is not guaranteed on TReDS platform i.e. without recourse.

No Security is required to be given by Seller or Buyer to the Financer



Settlement of funds are done through **NACH system**.



Other Important Points



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Designated Branch

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The TReDS may also undertake some random audits to ensure that the factoring units uploaded on the exchange are authentic.



Settlement of funds will be done through **NACH system.**



**Without
recourse &
No Security**

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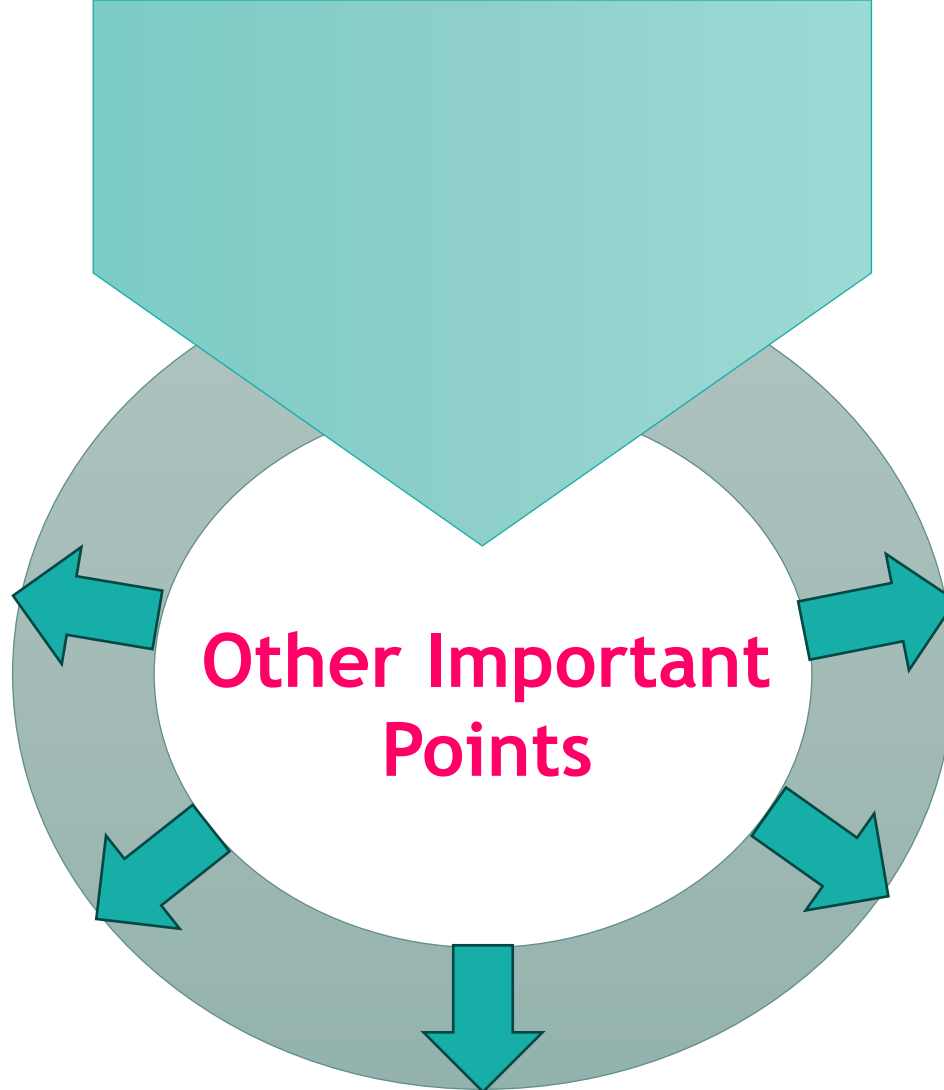


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Audit

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Without recourse & No Security

The financing of factoring units is not guaranteed on TReDS platform i.e. without recourse. No Security is required to be given by seller or Buyer to TReDS

Feedback Link for session on
MSME Funding



Thank You

