

Trade Receivables Discounting System (TReDS)

Regulator: Reserve Bank of India

Supported by: Ministry of Micro, Small and Medium Enterprises (MSME)

1. Eligibility Criteria

- **MSMEs** supplying goods/services to:
 - Corporates
 - Public Sector Undertakings (PSUs)
 - Government departments

a) Business Requirements:

- Must have **invoice-based receivables**
- Must comply with:
 - PAN
 - GST registration

b) Ecosystem Participants:

- Buyers:
 - Corporates / PSUs / Government entities
- Financiers:
 - Banks
 - NBFCs
 - RBI-approved financial institutions

Key Condition:

- Operates under a **multi-party model**:
 - Seller – Buyer – Financier

2. Benefits

a) Financial Advantages:

- **Faster access to funds** through invoice discounting



- **Collateral-free financing** based on buyer's creditworthiness
- Competitive interest rates via **multiple financiers**

b) Risk & Cash Flow:

- **Without recourse financing** (no liability if buyer defaults)
- Improves **working capital and liquidity**

c) Operational Efficiency:

- Fully **digital and paperless system**
- Enhances:
 - Supply chain efficiency
 - Buyer–supplier relationships

d) Accounting Benefit:

- Not treated as debt
- Leads to a **cleaner balance sheet**

3. How to Apply

- Register on TReDS platforms such as:
 - Receivables Exchange of India Ltd
 - M1xchange

Process:

- Complete **online registration**
- Submit required documents
- Undergo **KYC verification and due diligence**
- Execute platform agreements
- Account activation

Post Registration:

- Upload invoices
- Receive **discounted payments from financiers**

4. Documents Required

a) Basic Documents:



- PAN Card (entity)
- GST registration details
- **Udyam Registration Certificate**
- Business registration documents

b) Legal Documents:

- MoA / AoA / Partnership Deed
- Board Resolution / authorization letter

c) Operational Documents:

- Invoice records
- Bank account details
- Bank confirmation letter (if required)

d) KYC Documents:

- Identity proof of authorized signatories
- Signature verification

e) Agreements:

- Platform agreements (Master Agreement, mandate forms)

Official Website

<https://www.treds.in>