

BLOCKCHAIN-POWERED SMART CONTRACTS FOR MSMEs

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The Government has been working to ensure the welfare of MSMEs through various schemes and programmes aimed at providing payment solutions through emerging technologies. These, inter alia, include the following:

i. **TReDS:** In order to solve the problem of delayed payment to MSMEs, RBI has issued guidelines for setting up and operating the TReDS. The scheme facilitates the financing of trade receivables of MSMEs from corporate and other buyers, including government departments and public sector undertakings (PSUs) through multiple financiers electronically. Three entities viz. Receivables Exchange of India Limited (RXIL), Mynd Solutions Private Limited and A-TReDS have started operating TReDS. So far, more than eighty thousand MSMEs have on-boarded and invoice discounting worth more than three lakh crores rupees have been achieved through the platform, cumulatively.

ii. **TEAM Scheme:**

As a sub-scheme under the Central Scheme “Raising and Accelerating MSME Performance”, the Ministry of MSME launched a sub-scheme “MSME Trade Enablement and Marketing Initiative” (MSME-TEAM Initiative), which aims at assisting five lakh Micro, Small and Medium Enterprises (MSMEs) for leveraging the Open Network Digital Commerce (ONDC) platform, through awareness workshops, hand-holding assistance and subsidies for catalogue preparation, account management, logistics and packaging material and design.

iii. **Finance, Income and Trade Rank (FIT Rank)**

Under the mentorship of SIDBI, CIBIL, in collaboration with Online PSB Loans Limited (OPL), launched FIT rank by leveraging the power of Goods and Services Tax (GST), Bank Statements, and Income Tax returns (ITR) information to provide a ranking model for MSME lending.

The ranking model uses machine learning algorithms to arrive at the probability of an MSME becoming a non-performing asset (NPA) in the next 12 months based on its financial, income, and trade data. The ranking is done on a scale of 1 to 10 with FIT Rank 1 for the least risky MSME and FIT Rank 10 for the most at-risk MSME.

This information was given by Minister of State for Ministry of Micro, Small & Medium Enterprises, Sushri Shobha Karandlaje in a written reply in Rajya Sabha today.

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