

Trade Receivables Discounting System (TREDS) portal



MSME

MICRO, SMALL & MEDIUM ENTERPRISES

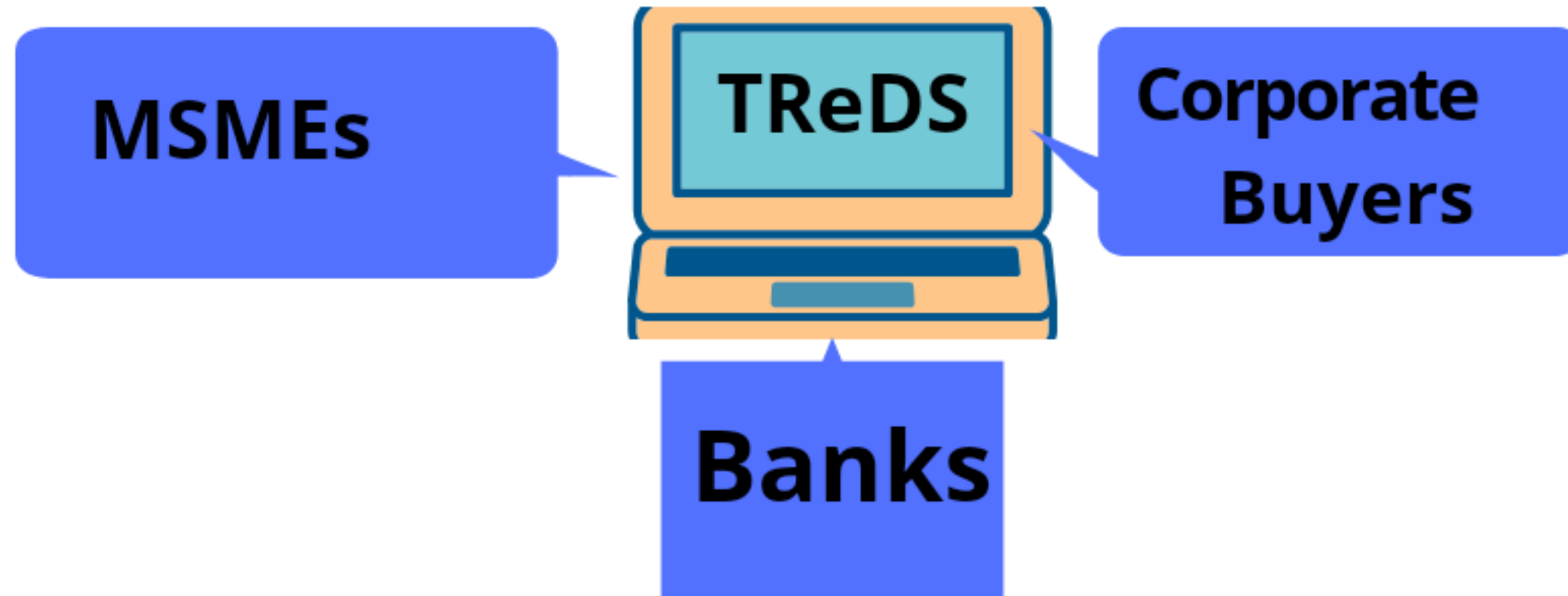
सूक्ष्म, लघु एवं मध्यम उद्यम

OUR STRENGTH • हमारी शक्ति

Ministry of MSME, Govt. of India



The TReDS will provide the Platform to bring three participants together i.e. Banks, Corporate Buyers and MSMEs for facilitating uploading , accepting, discounting, trading and settlement of the invoices/bill of MSMEs.



How It Works?

- The Bankers and Corporate Buyers will be provided with access to the System, wherever necessary, for obtaining information on the portfolio of discounted bills of respective clients.
- The Activities of TReDS are subject to Supervision of RBI.
- It is expected to give boost to the MSME sector with transparent price discovery mechanism and an additional avenue for getting their receivables funded.

Factoring and Reverse Factoring

Factoring = First Party give discount to Third Party for getting immediate finance from it and giving it burden to recover from Second Party.

Reverse Factoring = Third Party give discount to First Party and take burden on itself to recover from Second Party.

TReDS work on the Principle of Reverse Factoring(also Factoring). But Competition between Multiple Third Party make deal favourable for First Party.

TReDS Portal

Invoice uploaded

Factoring Unit

**Factoring Unit
intimated to
Second Party**

**Mandatory to Second
Party to Accept/Reject
under fixed time**

Rejection is Possible only in Fake bill case

**Third Party buy Factoring
unit and Pay to First Party**

**If Second Party default then
Third Party will take action
and First Party will not be
harassed**

Following are the benefits of TReDS.

- Unified platform for Sellers, Buyers and Financiers
- Eliminates Paper
- Easy Access to Funds
- Transact Online
- Competitive Discount Rates
- Seamless Data Flow
- Standardised Practices
- Level-Playing Field
- Reduction of Litigation in Courts.

Linking with GSTN to give TreDS a big push

It will increase platform's usability and can increase the market to Rs 20,000 crore

By [Saloni Shukla](#), ET Bureau | Feb 03, 2018, 09.22 AM IST



0

Comments

Save

A+



ThinkStock Photos

MUMBAI: The linking of the Trade Electronic Data Interchange (TEDIS) platform with the Goods and Services Tax Network (GSTN) is expected to give the platform a big push, according to officials from the Goods and Services Tax (GST) department. The linking is expected to increase the platform's usability and can increase the market to Rs 20,000 crore.