

NDA Update - Onboarding on the Trade Receivables Discounting System (TReDS) platform by certain entities having procurements from MSMEs

In terms of notification dated 07.11.2024 issued under the Micro, Small and Medium Enterprises Development Act, 2006, all companies registered under the Companies Act, 2013 with a turnover of more than Rs. 250 crore and all Central Public Sector Enterprises (CPSE) shall be required to get themselves onboarded on the **Trade Receivables Discounting System (TReDS)** platform, set up as per the notification of the Reserve Bank of India. The earlier limit of turnover for onboarding for Companies was Rs 500 crores (notification dated 02.11.2018).

The onboarding process on the TReDS platforms by such entities shall be completed by 31.03.2025.

Thus, all companies with a turnover of more than Rs. 250 crores and all CPSEs, having procurements from MSMEs are required to onboard themselves onto a TReDS platform by 31.03.2025.

TReDS is an electronic platform for online discounting of invoices / bills of MSMEs for supplies to large Corporates / CPSE. It addresses the issue of delayed payments to MSMEs. MSMEs can upload their invoices on the TReDS platform. Once uploaded, they are authenticated by the buyers of their goods and services. Financiers then bid to discount these receivables, providing MSMEs with immediate funds. On due date, the buyers settle the invoice amount with the financiers.