



ABSTRACT

Micro, Small and Medium Enterprises - Trade Receivables Discounting System - Announcement made by the Hon'ble Minister (Finance and Human Resources Management) during the Budget Speech for 2021-22 - Participation of the State Public Sector Undertakings, Statutory Boards, Municipal Corporations and Apex Co-operatives in the Trade Receivables Discounting System for settling the Bills of the Micro, Small and Medium Enterprises Suppliers of Goods and Services - Orders - Issued.

Finance (Salaries) Department

G.O.Ms.No.237

Dated: 25.10.2021

Pilava, Ippasi - 8

Thiruvalluvar Aandu-2052

Read:

Budget Speech 2021-22 of the Hon'ble Minister for Finance and Human Resources Management in the Legislative Assembly on 13.08.2021

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ORDER:-

The Hon'ble Minister for Finance and Human Resources Management in Budget Speech for 2021-2022, among others, has made the following announcement:-

"To ensure that MSMEs have faster channels for realization of their dues, all State Public Sector Undertakings, Statutory Boards, Municipal Corporations and Apex Co-operatives will be mandated to join the Trade Receivables Discounting System (TReDS)"

2. Trade Receivables Discounting System is an electronic online platform for facilitating the financing / discounting of trade receivables of Micro, Small and Medium Enterprises through multiple financiers. These receivables can be due from other private businesses or from Government agencies, including Public Sector Undertakings. The seller, buyer and financier are the three participants in the Trade Receivables Discounting System platform. Trade Receivables Discounting System is designed to facilitate immediate payment to Micro, Small and Medium Enterprises for the goods and services supplied by them through bill discounting, thus enabling the smooth flow of working capital. Once a seller uploads an invoice on the platform, it goes to the buyer for acceptance. Once buyer accepts, the invoice (then called a factoring unit) goes to auction and financial institution can quote various discounting rates. The amount will get credited to the seller the next working day. Later, the buyer will repay the financier. Trade Receivables Discounting System platform operators are authorized by RBI under the Payment and Settlement Systems Act, 2007. At present, there are three authorized operators.

3. Government agencies including Public Sector Undertakings, are major buyers from Micro, Small and Medium Enterprises. Hence, if Government agencies get on boarded on Trade Receivables Discounting System, it will fulfil the dual purpose of easy working capital to Micro, Small and Medium Enterprises suppliers as well as signaling to the private sector to use the platform. Recognizing this aspect, the Union Government has directed its Public Sector Undertakings to use the Trade Receivables Discounting System platform. Till date, 175 Central Public Sector Undertakings are on Trade Receivables Discounting System platform.

4. The issue of on boarding State Government agencies, including Public Sector Undertakings was discussed during the Hon'ble Chief Minister Review Meeting held on 05.07.2021 and it was decided thereon to ensure that Micro, Small and Medium Enterprises have faster channels for realization of their dues from Public Sector Undertakings.

5. After careful consideration, Government direct the following agencies to mandatorily participate in the Trade Receivables Discounting System platform for settling the bills of their Micro, Small and Medium Enterprises Suppliers of goods and services.

- i. All State Public Sector Undertakings and Companies where the State Government exercise managerial control by appointing its Chief Executive Officer.
- ii. All Municipal Corporations.
- iii. Major Statutory boards like Chennai Metropolitan Water Supply and Sewerage Board, Tamil Nadu Water Supply and Drainage Board, Tamil Nadu Housing Board and Tamil Nadu Urban Habitat Development Board.
- iv. Major Apex Co-operatives like Aavin and Co-optex.

6. All the above concerned procuring entities shall follow the above orders scrupulously.

(BY ORDER OF THE GOVERNOR)

**S.KRISHNAN
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT.**

To
 All Secretaries to Government, Chennai-9
 All Departments of Secretariat, Chennai -9.
 All Head of the Department.
 The Secretary to Government,
 Micro, Small and Medium Enterprises Department, Secretariat, Chennai-9.
 The Additional Chief Secretary to Government,
 Municipal Administration and Water Supply Department, Secretariat, Chennai-9.
 The Additional Chief Secretary to Government,
 Animal Husbandry, Dairying, Fisheries and Fishermen Welfare Department,
 Secretariat, Chennai-9.
 The Principal Secretary to Government,
 Housing and Urban Development Department, Secretariat, Chennai-9.

The Principal Secretary to Government,
 Handlooms, Handicrafts, Textiles and Khadi Department, Secretariat, Chennai-9
 The Principal Accountant General (A&E), Chennai-18.
 All State Owned Corporations and Statutory Boards.
 The Managing Director, Chennai Metropolitan Water Supply and Sewerage Board,
 Chennai-2.
 The Managing Director, Tamil Nadu Water Supply and Drainage Board, Chennai-5.
 The Industries Commissioner and Director of Industries and Commerce,
 Guindy, Chennai-32.
 The Managing Director, Tamil Nadu Small Industries Development Corporation,
 Guindy, Chennai-32.
 The Principal Secretary / Chairman and Managing Director,
 Tamil Nadu Small Industries Corporation, Guindy, Chennai-32.
 The Additional Chief Secretary / Director, Entrepreneurship Development and
 Innovation Institute, Tamil Nadu, Guindy, Chennai-32.
 The Mission Director, Tamil Nadu Startup Innovation Mission, Chennai-113.
 The Managing Director, MSME Trade and Investment Promotion Bureau, Chennai-32.
 The Principal Secretary / Chairman, Tamil Nadu Urban Habitat Development
 Board, Chennai – 5.
 The Managing Director, Tamil Nadu Housing Board, Chennai.
 The Managing Director, Co-optex, Chennai-8.
 The Director, Milk Production and Dairy Development, Chennai – 51.

Copy to:

The Special Personal Assistant to Hon'ble Chief Minister, Chennai-9.
 The Special Personal Assistant to Minister for Finance and Human Resources
 Management, Chennai-9.
 The Special Personal Assistant to Minister for Rural Industries, Chennai-9.
 The Finance (Industries/BPE) Department, Chennai-9.
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 SECTION OFFICER.

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 26/10/21