

Union Bank of India ties up with RXIL for TReDS



Mumbai - December 5, 2017: Union Bank of India has immense pleasure in partnering up with RXIL (Receivable Exchange of India Ltd) as a TReDS (Trade Receivable Discounting System) partner for discounting invoice of MSMEs on digital platform. A formal agreement between Union Bank Of India & RXIL was signed today by Shri A.K.Dixit, General Manager (Credit Policy & MSME), Union Bank of India & Shri Kashinath Katakdhond, MD&CEO, RXIL. RXIL is a joint venture between SIDBI and NSE, set up to operate a TReDS Platform for factoring of the invoices of the MSME's in compliance with TReDS guidelines issued by RBI.

This is an innovative area of finance and due thrust is given by the Government to help MSMEs, who are the back bone of Indian Economy. Despite the important role played by MSMEs in country's overall economic growth & employment generation, they continue to face constraints in obtaining adequate finance, particularly in terms of their ability to convert their trade receivables into liquid funds. In a major announcement on October 24, 2017, Hon'ble Finance Minister, Govt. of India, has mandated all major PSUs to get registered on TReDS platform to shorten cash cycles of MSMEs.

TReDS is a digital platform to help MSMEs to get their trade receivables financed at a competitive rate through an auction mechanism where multiple financiers can bid on invoices accepted by PSUs / Corporate Buyers. TReDS will allow MSMEs to post their receivables on the system and get them financed at competitive rates as

per online bidding process. This will not only give them greater access to finance but will also put greater discipline on corporate to pay their dues on time.

This would be great enabler for MSMEs and incentivize the corporate for prompt payment to MSMEs. At the same time, adequate financial support to such MSMEs through this unique online platform with inbuilt hassle free process will be easier for businesses to adopt.

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