

## **Axis Bank, 2 other entities get RBI nod to set up trade receivables discounting system**

Our Bureau

*The structure will help improve flow of funds to micro, small and medium units*

Mumbai, November 25:

Three entities — Axis Bank, Gurgaon-based Mynd Solutions and a joint bid by NSE Strategic Investment Corporation and Small Industries Development Bank of India — have been granted in-principle approval for setting up the Trade Receivables Discounting System (TReDS). While seven entities had applied for it, four, including Trade Receivables Exchange and NSDL Database Management, did not make the cut.

First announced in the Union Budget this year, the use of TReDS is aimed at improving the flow of funds to micro, small and medium enterprises (MSMEs) by reducing the receivables realisation cycles.

TReDS will allow SMEs to post their receivables on the system and get them financed.

This will not only give them greater access to finance but also impose greater discipline on corporates to pay their dues on time.

The “in-principle” approval granted will be valid for six months, during which time the applicants will have to comply with the requirements under the guidelines and fulfil other RBI conditions.

“On being satisfied that the applicants have complied with the requisite conditions laid down by it as part of “in-principle” approval, the Reserve Bank would consider granting to them a Certificate of Authorisation for commencement of the business of TReDS,” the RBI said in a notification.

### **Bill payments nod for NPCI**

The RBI has also decided to grant ‘in principle’ approval to the National Payments Corporation of India (NPCI) to function as the Bharat Bill Payment Central Unit (BBPCU).

The Bharat Bill Payment System (BBPS), an integrated bill payment system, will function as a tiered structure for operating the bill payment system in the country with a single brand image, providing convenience of ‘anytime, anywhere’ bill payment to customers.

It includes utility payments, such as electricity, water, gas, telephone and direct-to-home (DTH) service.

Based on the experience, this would be extended to include other types of repetitive payments, such as school/university fees, and municipal taxes, among others, the RBI said.

For collection of bills, the RBI had also invited applications from non-banks/banks for which the last date of receipt has been extended to December 18 from November 20.

So far, the RBI has received 12 applications from non-bank entities and 18 requests from banks to operate as Bharat Bill Payment Operating Units.

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