

## **E-Discounting Scheme of Receivables**

### **INTRODUCTION**

E-discounting scheme of receivables is a web based electronic platform for receivables discounting initiated by NSE and SIDBI. This platform serves as a central marketplace for e-Discounting of receivables to the participants, namely Purchasers, Suppliers (mainly the MSME players) and the Financiers (Banks, Financial Institutions, NBFCs). It has been able to provide the standardized base of operations considering a multiple participants' scenario.

The working capital financing for MSME players has been made extremely easy and quick by the help of this platform with an opportunity to avail the best interest rate through a competitive marketplace. It also addresses the key concerns of the participants like operational and transactional risks involved in the conventional process.

### **PROCEDURE**

1. The financier and purchaser will apply to operator (NSE) for empanelment and registration. A joint agreement is signed between the financier, NSE and the purchaser. The purchaser and financier accept to use the Electronic Platform for discounting of the invoices. A maximum exposure limit is fixed upto which the discounting will allow.
2. The purchaser will introduce the supplier with the financier and the operator. Supplier will sign the Loan agreement with the financier and give acceptance to the operator to use the Electronic Platform.
3. The supplier will generate the Invoice i.e. instrument and transfer the same electronically. It will also automatically register a sale in electronic form.
4. The financier on confirmation by purchaser will discount the bills and make payment to supplier subject to the terms and conditions prescribed in the agreement and as per this scheme.
5. As security the supplier assign the receivables in favour of financier.
6. On due date the purchaser will pay to the financier. Till date it will keep the invoice with it as trustee of financier.

### **Note:**

1. Multiple financiers may involve
2. All the parties are on-line in this scheme
3. The transactions are secured by passwords

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4. System of multiple checking is present in this e-discounting scheme of receivables

#### **BUSINESS RULES**

1. All the suppliers need to have PAN & RTGS details.
2. Only Bona-fide commercial transactions to be covered
3. **Minimum & Maximum Invoice Value** : Shall be defined by the operators at regular intervals
4. **Validity period of Invoice/Minimum/Maximum credit period**: Shall be defined by the operators at regular intervals
5. **Retention / Reserve Margin**: Currently there are no margins. Shall be defined by the operators at regular intervals
6. **Undiscounted Bills**: Such Instruments would lapse after the credit period. No additional cost, at this stage, to Purchasers & Suppliers
7. Only Financially Strong Purchasers to be introduced to the platform. However, this discretion is left to the Financier (who has introduced it to the platform and given a credit exposure)

For any further assistance and professional tie-up please contact undersigned.

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