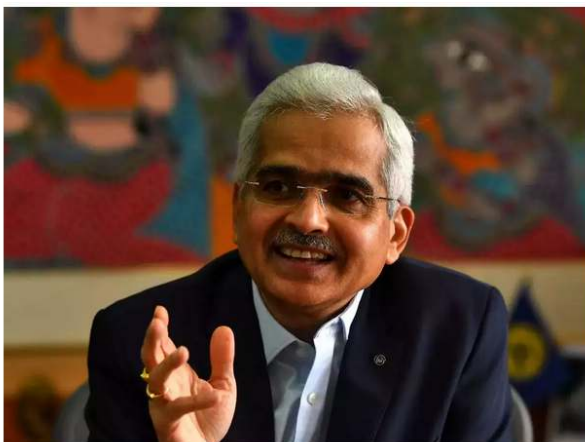




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NACH mandate limit for TReDS settlements enhanced to help MSMEs: RBI Governor Das

RBI increased the NACH mandate limit from Rs 1 crore at present to Rs 3 crore for TReDS related settlements to help MSMEs. The Trade Receivables Discounting System (TReDS) facilitates the financing of trade receivables of Micro, Small and Medium Enterprises (MSMEs). Transactions in TReDS are settled through the National Automated Clearing House (NACH) system.



The Reserve Bank of India has hiked the **NACH** mandate limit from Rs 1 crore at present to Rs 3 crore for **TReDS** related settlements to help the small industries reeling under pandemic stress.

The Trade Receivables Discounting System (TReDS) facilitates the financing of trade receivables of Micro, Small and Medium Enterprises (**MSMEs**). Transactions in TReDS are settled through the National Automated Clearing House (NACH) system.

“Keeping in view the requests received from stakeholders and to further enhance the ease of financing the growing liquidity requirements of MSMEs, it is proposed to increase the NACH mandate limit from Rs 1 crore at present to R 3 crore for TReDS related settlements,” RBI governor Shaktikanta Das said in a post Monetary [Policy](#) review.



Trade reaction

Vijay Kalantri, Chairman, [MVIRDC World Trade Center Mumbai](#) said, "We hope the RBI's move to enhance the settlement limit under NACH for TReDS transactions will promote volume in the three electronic bill discounting platforms. In future, the government and RBI may take steps to address some of the concerns related to slow uptake of volume in these platforms."

One primary concern is that the share of invoices issued by public sector undertakings is hardly 4-5% in the total invoices discounted at all the three TReDS platforms. So, there is a need to encourage more PSUs to upload their invoices on these platforms, he said.