

MSME RECEIVABLE FINANCE SCHEME (MSME RFS)



Objective & Purpose

To mitigate the problem of delayed payments to MSMEs in respect of their credit sales to large purchaser companies by offering finance against bills of exchange / Invoices arising out of such sales.

The scheme covers discounting of bills of exchange/-invoices arising out of sale of indigenous components / parts / sub-assemblies /accessories /intermediates by an MSME unit. Services provided by an enterprise in the services sector (eligible service provider) to purchaser companies are also covered.

The scheme helps the MSMEs in

- 1) Quicker realization of receivables.
- 2) Discounting at competitive rates.
- 3) Efficient Cash Management.

Eligible customers

Limits are sanctioned to:

- (a) Well-performing Large Corporates / Purchaser Companies with sound financials for covering their purchases of components / sub-assemblies / parts / accessories and services obtained from MSMEs.
- (b) MSME sellers for early realization of dues from large Corporates by discounting the bills.

Eligibility criteria:

- (a) Either the Purchaser or Seller needs to qualify as SME (manufacturing / service sector unit).

- (b) Eligibility parameters include satisfactory financials viz. Turnover, net worth, profit, positive cash flow, liquidity position, external / internal credit rating, security, etc.

Methodology

- (a) MSME suppliers draw Bills of Exchange on Purchaser companies against supplies made/ services provided by them and the Bills of Exchange are accepted by the Purchaser companies.
- (b) Wherever Bills of Exchange are not furnished by the large Corporates, discounting is made as per agreed terms between the Corporate and SIDBI based on acceptance on the Invoices and proof of delivery challan / Goods Received Note.

Instruments of assistance

Bills of Exchange backed by Invoices / Invoices

Tenor

Usance of Bills of Exchange / Invoice not exceeding 90 – 180 days.

Quantum of assistance

Need based. Not more than `50 crore in respect of eligible large purchaser corporates.

Validity of limit

Limits are sanctioned with validity for one year, with a half-yearly review and annual renewal.

Rate of Discount

Discount rates are linked to the internal / external credit rating of the MSME / large corporate.

External Rating Criteria

The Purchaser Corporates whose external rating are "AA-" and above are only eligible for sanction of clean limit on merits.

For enquiries, please contact the nearest SIDBI office