FUTURE OF INDIAN LAW – 2027

TReDS Buyer & Supplier Readiness Checklist

A practical guide for CPSEs, large corporate buyers, MSME suppliers, procurement teams, finance teams and statutory auditors preparing for digital invoice settlement and receivables financing.

Legal position reviewed as at 11 November 2026
RBI issued the TReDS Directions, 2026 on 23 June 2026; they took effect immediately. Ministry of MSME Notification S.O. 3507(E), dated 30 June 2026 and published on 2 July 2026, requires all operating CPSEs to route MSME invoice settlements through an RBI-authorised TReDS platform. The supplier is not compelled to discount an invoice. New section 15A of the MSMED Act, inserted by the 2026 Amendment Act, commenced on 15 October 2026.

1. First identify which obligation applies

S.O. 4845(E), 7 Nov 2024	Companies under Companies Act, 2013 with turnover above Rs. 250 crore and all CPSEs	Onboard on TReDS; deadline was 31 March 2025. This is not by itself a universal mandate to route every private-company invoice through TReDS.
S.O. 3507(E), 30 Jun 2026	All operating CPSEs for procurement from MSMEs	Route settlement of covered invoices through an RBI-authorised platform; disclose details and obtain the statutory-auditor certificate. Supplier discounting remains optional.
MSMED Act section 15A	CPSEs; other Central/State entities if notified	Statutory routing framework commenced 15 October 2026. Check later Central and State notifications before assuming another buyer category is covered.
RBI TReDS Directions, 2026	Authorised platform operators and TReDS participants	Regulates authorisation, onboarding, factoring units, acceptance, bidding, assignment, settlement and reporting.

Key distinction: *mandatory onboarding, mandatory invoice routing and optional invoice discounting are three different concepts.*

2. CPSE / buyer readiness

[ ] Confirm whether the organisation is an operating CPSE or another entity specifically notified under section 15A or S.O. 3507(E). Record the notification and effective date.

[ ] Confirm registration with at least one RBI-authorised TReDS platform and maintain current participant, bank, GST, PAN, Udyam-validation and authorised-user details.

[ ] Map procurement, purchase-order, goods-receipt, service-entry, quality inspection, invoice booking and accounts-payable systems to the platform workflow.

[ ] Set an owner for creating or accepting factoring units, resolving data mismatches, tracking due dates and approving settlement files.

[ ] Before accepting a factoring unit, reconcile PO/WO, invoice, quantity, price, tax, delivery/service completion, acceptance date, credit notes and authorised deductions.

[ ] Once accepted, the RBI Master Direction requires an unconditional buyer obligation on the due date and does not permit quality-related or other set-offs. Resolve disputes before acceptance.

[ ] Prevent duplicate financing: obtain the supplier's declaration that the same receivable is not already financed or charged/hypothecated to another working-capital financier.

[ ] Reconcile financed and unfinanced invoices; verify the beneficiary, payment route and settlement status.

[ ] Maintain TReDS invoice-routing disclosures and obtain the statutory-auditor certificate required by S.O. 3507(E).

[ ] Keep agreements, acceptance logs, bids, assignments, notices, settlement files, bank statements and exception approvals in an auditable repository.

3. MSME supplier readiness

[ ] Keep the Udyam Registration Certificate current and verify enterprise details on the official Udyam portal.

[ ] Complete onboarding on the buyer's selected RBI-authorised platform; check the procurement contract for any specified platform or workflow.

[ ] Ensure PAN, GSTIN where applicable, bank account, authorised signatory and business name match across Udyam, invoices and bank records.

[ ] Upload accurate invoices with purchase orders, delivery challans, goods-receipt notes, service-entry certificates and acceptance records.

[ ] Check whether the receivable has already been assigned, factored, financed or included in a working-capital charge.

[ ] Compare financier bids and calculate net proceeds after discount and disclosed fees before accepting a bid.

[ ] Remember: CPSE routing is mandatory for the buyer, but the supplier may choose not to discount the invoice.

[ ] Retain bid acceptance, assignment notice, financier payment confirmation and platform settlement records.

[ ] If an invoice is disputed, unaccepted or unpaid, preserve the contract, invoice, delivery evidence, correspondence and ledger; TReDS does not adjudicate disputes.

4. TReDS transaction flow

1. Factoring unit	Seller uploads invoice or buyer initiates reverse factoring.	Match PO, invoice, delivery and acceptance evidence.
2. Acceptance	Counterparty verifies and accepts the factoring unit.	Treat acceptance as a binding payment commitment; resolve disputes first.
3. Financier bids	Financiers bid to discount the receivable.	Compare discount, fees, tenor and net proceeds.
4. Financing / assignment	Supplier accepts a bid; financier pays supplier; receivable is assigned.	Confirm no double financing and retain assignment trail.
5. Settlement	Buyer pays financier on the due date through the platform.	Reconcile bank debit, beneficiary and settlement file.

5. Important legal and operational cautions

[ ] TReDS is a receivables-financing and settlement mechanism, not a dispute-resolution forum. Legal proceedings between participants remain outside the platform's purview.

[ ] Discounted factoring units are without recourse to the MSME seller; this does not mean the platform guarantees buyer default or that financiers have no credit risk.

[ ] A credit guarantee may be available to a financier from a Government-established credit guarantee fund trust, subject to the scheme and eligibility; it is not automatic for every invoice.

[ ] The MSMED Act's 15/45-day payment protection and section 16 interest regime apply to eligible micro and small suppliers, not medium enterprises.

[ ] For private buyers, the 2024 notification's onboarding requirement above Rs. 250 crore must not be confused with the CPSE settlement-routing mandate. Check any later notification.

6. 2027 monitoring and implementation plan

Immediately	Classify buyer status; confirm platform onboarding; map invoice and acceptance workflow.	Applicability note, platform registration and process map.
Within 30 days	Reconcile vendor master, Udyam data, PO/GRN/SES matching, approval limits and payment calendar.	Vendor checklist, control matrix and exception log.
Each invoice	Check accuracy, acceptance, existing charges, discounting choice, bids and settlement status.	Invoice file, acceptance audit trail and settlement confirmation.
Quarterly	Review rejected units, overdue invoices, platform fees, fraud controls, access rights and disputes.	Quarterly review and remediation log.
Annual audit	For CPSEs, confirm S.O. 3507(E) disclosure and statutory-auditor certificate requirements.	Auditor certificate, reconciliations and supporting records.
2027 watchlist	Monitor Central/State notifications extending section 15A, RBI amendments, guarantee-scheme terms and platform rules.	Gazette/RBI tracker and compliance-owner sign-off.

7. Primary references

• **RBI – Trade Receivables Discounting System Directions, 2026 (23 June 2026)**
https://www.rbi.org.in/scripts/BS_ViewMasDirections.aspx?id=13526

• **Ministry of MSME / PIB – CPSE TReDS settlement notification S.O. 3507(E), 30 June 2026**
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2283195&lang=1&reg=20

• **Gazette – S.O. 4845(E), 7 November 2024 (mandatory onboarding)**
https://egazette.gov.in/WriteReadData/2024/258523.pdf

• **Gazette – MSMED (Amendment) Act, 2026**
https://egazette.gov.in/WriteReadData/2026/275448.pdf

• **Gazette – S.O. 5575(E), 12 October 2026 (commencement)**
https://egazette.gov.in/WriteReadData/2026/277080.pdf

• **Udyam Registration – official portal**
https://udyamregistration.gov.in/

Important limitation: *This checklist is a planning aid, not a statutory form, legal opinion or guarantee of financing. Buyer notifications, RBI Directions, scheme terms, platform rules and participation agreements may change. The Act, Gazette notifications, RBI Directions and executed agreements prevail. Verify the current instruments and buyer-specific contract before acting.*