

**RXIL initiates first Trade Credit Insurance transaction with Tata AIG General Insurance Co. Ltd
(‘Tata AIG’), ICICI Bank and YES Bank in Sandbox**

National, November 19, 2020: Receivables Exchange of India Ltd. (RXIL) recently initiated a Trade Credit Insurance (TCI) backed transaction with Tata AIG as the insurer and ICICI Bank, YES Bank as the financiers in Sandbox environment. This is the first time a TReDS platform has tested the efficacy of TCI backed transaction improving the ability of financiers in assigning credit limits to corporates. TCI, once implemented post regulatory approvals, will enable financiers to discount the invoices drawn on lower rated corporate buyers, by their MSME sellers and will improve the liquidity from lenders.

The adoption of Trade Credit Insurance on TReDS will pave the way for a completely digital bite-sized credit insurance model. Buying credit insurance on TReDS will be as simple as buying travel insurance *while buying an air ticket on a travel portal*, devoid of the lengthy paperwork generally associated with trade insurance.

Ketan Gaikwad, MD & CEO of Receivables Exchange of India Pvt. Ltd commented, “There has been a need for Trade Credit Insurance (TCI) on TReDS, we are glad that the regulators provided us with a roadmap in a time-bound manner. TCI will help financiers in mitigating the risk of non-payment and insolvency/defaults of the buyers. We collaborated with TATA AIG as the insurer, ICICI and YES Bank as financiers to execute the transaction. This is expected to increase the current throughput of the platform and put our country ahead in league with other developed markets the way this product has been designed”

Trade Credit Insurance is a structural reform that has been re-introduced in India after a gap of 10 years. Globally, factoring and insurance go hand in hand, however, in India, both are being seen with a renewed interest as the economy is gradually moving towards formalisation of small businesses. TCI on TReDS was one of the recommendations by U.K Sinha Committee report on MSME credit. The working group constituted by IRDAI reviewed the guidelines on TCI, which has paved the way for testing in Sandbox environment.

Ajay Gupta, Head Transaction Banking and SMEG, ICICI Bank said, “We are delighted to partner with RXIL for the Trade Credit Insurance (TCI) and successfully piloting the test transaction under IRDA’s regulatory sandbox proposal of TATA AIG. We are sure that TCI will significantly increase the ability of the buyers to get financiers to discount the invoices raised by their MSME suppliers, thereby benefitting a much larger universe of MSMEs. We believe TCI will gather further momentum when it gets approved as Credit Risk Mitigation Technique for lending.”

Ajay Rajan, Global Head - Transaction Banking Group, YES BANK said, “With this successful pilot of the Trade Credit Insurance (TCI) backed structure in the Sandbox environment, YES BANK in partnership with RXIL has taken yet another significant step in its efforts towards digitizing and bringing efficacy in the financial supply chain arrangement between Corporate Buyers and their MSME sellers. TCI being a globally accepted Trade Financing & Credit Enhancement structure could potentially help in augmenting and expanding the scope of supply chain financing, thereby supporting the ‘Atmanirbhar Bharat’ initiative of the Government

Risk management and mitigation is an important component of a well-oiled supply chain that drives the economic engine. A simplified trade credit insurance regime that includes MSMEs will encourage more liquidity from lenders and improve the industry’s resilience allowing them to expand faster.



About Receivables Exchange of India:

Receivables Exchange of India is an RBI accredited TReDS (Trade Receivables Discounting System) Exchange Platform that started as a joint venture between Small Industries Development Bank of India (SIDBI) and National Stock Exchange of India Limited (NSE) with State Bank, ICICI and Yes Bank as other stakeholders. RXIL empowers small businesses to realize their growth potential by accelerating their collections. With its innovative digital platform, MSMEs today can auction their trade receivables on a non-recourse basis at competitive rates, through online bidding by financiers, and gain access to capital in less than 48 hours. This helps MSMEs ease liquidity problems and puts a healthy cash flow back into their working cycles for smoother runs in their businesses. RXIL has over 4,800 MSMEs, 550 buyers and 39 financiers on the platform.
