

# LS passes Factoring Regulation Amendment Bill to help MSMEs

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The Lok Sabha on Sunday passed a bill to amend the Factoring Regulation Act that seeks to help micro, small and medium enterprises by providing additional avenues for getting credit facility.

The Factoring Regulation (Amendment) Bill, which was introduced on September 14, was passed by voice vote after a brief discussion.

## **Key Highlights**

- The Factoring Regulation Act, 2011 was enacted to regulate the assignment of receivables to factors, registration of factors carrying on factoring business and the rights and obligations of parties to the contract for assignment of receivables.
- Minister of State for Finance Anurag Thakur said it would greatly help the financial system.
- “The amendments are expected to help micro, small and medium enterprises significantly by providing added avenues for getting credit facility, especially through Trade Receivables Discounting System.

- “Increase in the availability of working capital may lead to growth in the business of the micro, small and medium enterprises sector and also boost employment in the country,” according to the Statement of Objects and Reasons of the bill.

**SOURCE:** *Business Standard*