



# M1

— • DIGITAL • —

# CONNECT

India's MSME ecosystem continues to evolve with policy reforms, digital innovation, and collaborative industry initiatives focused on strengthening access to finance. As working capital remains one of the most pressing challenges for small businesses, platforms like M1xchange are playing a critical role in enabling faster liquidity through technology-driven solutions. This edition of M1 Digital Connect highlights key conversations around MSME financing, insights from industry engagements, and the continued progress being made toward building a more resilient and inclusive supply chain finance ecosystem.

## Post Budget 2026 Dialogue on MSME Financing

A recent Post Budget 2026 Dialogue on MSME Financing, organised in collaboration with the Ministry of MSME and key industry stakeholders, brought together policymakers, industry leaders, and participants from across the financial ecosystem to deliberate on the evolving landscape of MSME credit access in India.



The dialogue featured an address by the **Hon'ble Prime Minister of India, Shri Narendra Modi**, who emphasised the critical role of MSMEs in driving India's economic growth and highlighted the need to further strengthen financing access, ensure faster payment cycles, and build a robust ecosystem that supports small businesses and supply chains.

The event also included expert-led breakout sessions that explored policy developments, structural challenges in MSME financing, and the expanding role of digital platforms such as TReDS in improving liquidity access across supply chains. Breakout Session 3 was moderated by Sundeep Mohindru, who guided the discussion around strengthening financing frameworks and enabling more efficient working capital access for MSMEs.

Key takeaways from the dialogue underscored the importance of faster payments, wider adoption of technology-led financing platforms, and stronger collaboration between policymakers, financial institutions, and industry stakeholders to help bridge India's MSME credit gap and strengthen the overall financing ecosystem.



# The breakout session 3 :

## “MSME सबल Leveraging the Full Potential of TReDS Platforms”

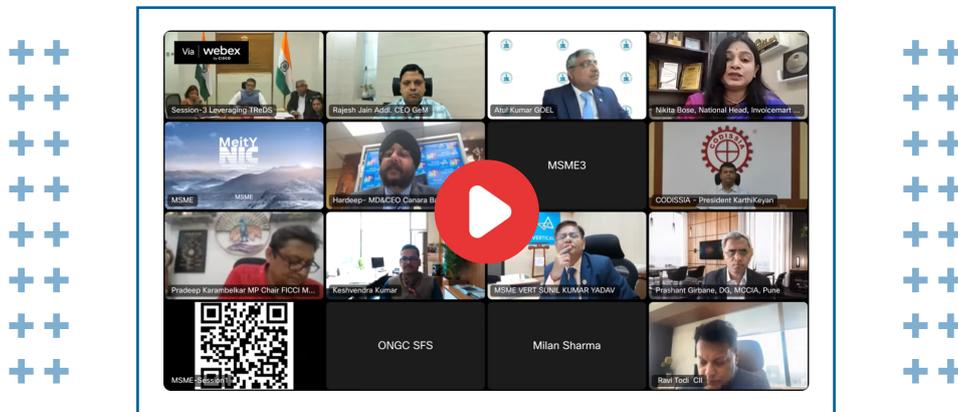


### Moderated by Sundeep Mohindru, Promoter & Director, M1xchange

The session brought together policymakers, industry leaders, and ecosystem stakeholders. The discussions reinforced the strategic role of the Trade Receivables Discounting System (TReDS) in improving MSME liquidity, ensuring faster payments, and building a more efficient digital trade finance infrastructure.

### Key Takeaways from the Session:

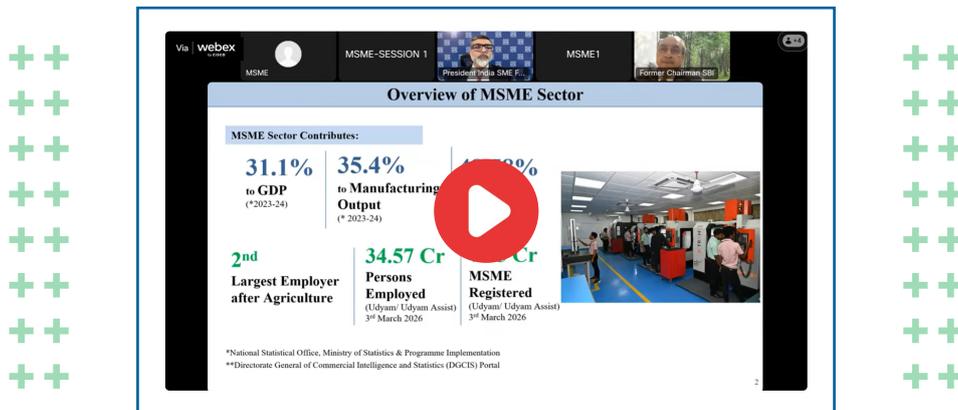
- Union Budget 2026 measures aimed at further strengthening the MSME ecosystem
- Expanding the role of TReDS in improving MSME liquidity and access to formal credit
- Greater emphasis on CPSEs adopting TReDS as a payment settlement platform
- Driving transparency, faster payments, and financial empowerment for India’s MSMEs



### Recommendations & Concluding Session

The concluding recommendations session reflected on key policy insights emerging from the discussions and outlined strategic priorities for strengthening MSME access to formal credit.

The session emphasised the importance of coordinated participation from policymakers, CPSEs, banks, investors, and TReDS platforms in building a more transparent, efficient, and scalable working capital ecosystem. The deliberations reinforced the growing role of TReDS in improving payment discipline, expanding financing access, and enabling MSMEs to play a stronger role in India’s long-term economic growth.



# India's Liquidity Challenge: The MSME Working Capital Gap

**India's MSME sector is often described as the backbone of the economy, contributing significantly to employment, exports, and economic growth.**

Today, India has more than 6.3 crore MSMEs, contributing:

- Nearly 30% of India's GDP
- Around 45% of manufacturing output
- Approximately 48% of exports



Despite this scale and impact, access to timely finance remains one of the most persistent challenges for the sector.

Industry estimates suggest that the MSME ecosystem faces a credit gap of over ₹20–25 lakh crore, with nearly 80% of financing needs remaining unmet by formal institutions.

One of the biggest contributors to this challenge is delayed payments from buyers. Many MSMEs often wait 60–120 days to receive payments for goods or services delivered, creating severe liquidity pressure.

This delay forces businesses to rely on informal borrowing, increases operational stress, and slows down expansion plans. As India progresses toward becoming a \$5 trillion economy, solving this working capital challenge will be critical to sustaining MSME-led growth.



# Delayed Payments: A Structural Challenge

Delayed receivables continue to be one of the most significant contributors to liquidity stress for MSMEs. Despite regulatory guidelines encouraging faster payment cycles, many sectors still witness extended payment timelines.

Industry observations highlight:

- MSMEs lose nearly ₹10–12 lakh crore annually due to delayed payments
- Payment cycles often stretch to 90–120 days
- More than 70% of MSMEs report cash-flow disruptions due to delayed receivables

The impact goes beyond individual businesses.

Delayed payments create ripple effects across supply chains, leading to slower production cycles, strained vendor relationships, delayed investments, and higher financing risks. Recognising these challenges, the Government of India introduced TReDS (Trade Receivables Discounting System) to enable MSMEs to unlock liquidity faster through digital invoice financing.

## TReDS: Transforming Supply Chain Financing

TReDS, introduced by the Reserve Bank of India, is designed to address structural liquidity challenges faced by MSMEs.

Through the platform, MSMEs can upload invoices raised on corporates or government buyers and receive early payments through financiers via a competitive bidding mechanism. This ecosystem creates benefits for all participants.



### For MSMEs

- Faster access to working capital
- Reduced dependence on collateral-based borrowing
- Improved cash flow visibility



### For Corporates

- Stronger and more resilient supplier ecosystems
- Digitised and transparent payment processes



### For Financiers

- Access to invoice-backed financing opportunities with lower risk exposure



Over the years, TReDS has emerged as one of the most impactful digital initiatives for strengthening supply chain financing in India.

Government policies continue to encourage adoption by mandating large corporates and CPSEs to onboard on TReDS platforms, further expanding liquidity access for MSMEs.



# M1xchange: Powering the Future of MSME Liquidity



As one of India's leading TReDS platforms, M1xchange continues to play a key role in strengthening the MSME financing ecosystem.

By connecting MSMEs, corporates, and financiers on a single digital platform, M1xchange enables seamless invoice discounting and faster liquidity access.

The platform's transparent processes, competitive bidding framework, and regulatory compliance help ensure that businesses can access working capital efficiently and reliably.

As policy support, digital adoption, and ecosystem participation continue to grow, platforms like M1xchange are helping bridge India's MSME credit gap while strengthening supply chain resilience.

Because when liquidity flows faster, businesses grow stronger.



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The growing adoption of digital invoice discounting is reflected in the scale of activity on the platform.

**Bill Discounted**  
**2,80,000+ Cr**



**MSMEs Onboarded**  
**75,000+**



**Corporates Onboarded**  
**5,000+**



**Financiers Onboarded**  
**70+**



# Transforming Payments: RS Infra's TReDS Story



Access to timely working capital is essential for businesses operating within complex supply chains.

RS Infra leveraged the M1xchange platform to unlock faster liquidity against approved invoices, enabling the company to strengthen cash flow management and support operational continuity.

Through digital invoice discounting, the business was able to access working capital more efficiently while maintaining stronger financial discipline within its receivables cycle.

Such success stories continue to demonstrate the growing role of digital supply chain financing in empowering businesses.

