

Public Payments to MSME Only through Trade Receivables by System (TReDS), Extension to Government Payments Awaited

- The **Ministry of MSME** has made it **mandatory for all operating Central Public Sector Enterprises (CPSEs)** to settle invoices of MSME suppliers through the **Trade Receivables Discounting System (TReDS)**.
- The notification, issued on **30 June 2026**, implements a key commitment made in the **Union Budget 2026–27**.
- Under the new rule:
 - All CPSE purchases from MSMEs must be routed through **RBI-authorized TReDS platforms**.
 - CPSEs must disclose details of MSME invoices processed through TReDS.
 - CPSEs must obtain a **statutory auditor's certificate** confirming TReDS registration and compliance during annual audits.
- The initiative aims to address the long-standing issue of **delayed payments** to MSMEs by enabling faster access to working capital.
- MSMEs can convert approved invoices into **cash before the due date** through:
 - **Collateral-free financing,**
 - **Without recourse to the seller,**
 - **Competitive bidding by banks and NBFCs for invoice discounting.**
- **TReDS is an RBI-regulated electronic platform, operational since 2017, that facilitates financing of MSME trade receivables from corporates, government departments, and PSUs.**
- **Five RBI-authorized TReDS platforms are currently operational:**
 - **RXIL,**
 - **M1xchange,**
 - **Invoicemart,**
 - **C2treds,**
 - **DTX.**
- The TReDS ecosystem has witnessed rapid growth, with invoice discounting increasing from **₹40,000 crore in FY 2021–22** to **₹3.47 lakh crore in FY 2025–26**.

- *India has over 8.70 crore MSMEs registered on the Udyam Registration Portal and Udyam Assist Platform, providing employment to more than 38 crore people.*
- *The reform is expected to:*
 - *Improve payment discipline,*
 - *Strengthen MSME liquidity,*
 - *Reduce working capital constraints,*
 - *Set a benchmark for timely payments across corporate India.*

[ABS News Service/10.07.2026]

Notification dated 30 June 2026 fulfils Union Budget 2026–27 commitment; unlocks quicker, collateral-free working capital for lakhs of MSME suppliers

Mandatory settlement through TReDS: All operating Central Public Sector Enterprises (CPSEs) must route the settlement of invoices for goods and services procured from MSMEs through TReDS platforms authorised by the Reserve Bank of India (RBI).

Transparency and accountability: Central Public Sector Enterprises (CPSEs) shall disclose details of MSME invoices routed and settled through TReDS as specified by the RBI and obtain a statutory auditor's certificate of TReDS registration and compliance during their annual audit.

A benchmark for corporate India: The mandate positions Central Public Sector Enterprises (CPSEs) as role models for timely payment discipline for large corporate buyers across the country.

In a decisive step to end the long wait for payments faced by Micro, Small and Medium Enterprises (MSME), the Ministry of MSME, Government of India, has notified the mandatory use of the Trade Receivables Discounting System (TReDS) by all operating Central Public Sector Enterprises (CPSEs) for the settlement of transactions with their MSME suppliers. The Notification, issued on 30 June 2026, gives effect to a key announcement of the Union Budget 2026–27.

MSMEs are the backbone of the Indian economy, with over 8.70 crore enterprises registered on the Udyam Registration Portal and Udyam Assist Platform providing employment to more than 38 crore persons. Yet delayed payments remain one of the sector's most persistent challenges, locking up working capital and constraining growth. By making TReDS the settlement route for all CPSE purchases from MSME, public sector procurement will now work actively for the small supplier: procurement by CPSEs gets captured on TReDS, and

timely payment to MSME will be ensured through invoice financing from banks and financial institutions.

What This Means for MSMEs

With every CPSE invoice flowing through TReDS, MSME suppliers have the option to convert approved invoices into cash well before the due date. Financing on TReDS is collateral-free and without recourse to the seller, with banks and NBFCs bidding competitively to discount invoices, giving MSMEs working capital within a short span of time at competitive rates of interest.

About TReDS

TReDS is an RBI-regulated electronic platform, operational since 2017, for financing and discounting the trade receivables of MSMEs due from corporate buyers, Government Departments and Public Sector Undertakings, through competitive bidding by multiple financiers. Five platforms are currently operational: RXIL, M1xchange, Invoicemart, C2treds and DTX. The platform has grown from strength to strength, with invoice discounting increasing from ₹40,000 crore in FY 2021-22 to ₹3.47 lakh crore in FY 2025-26.

The TReDS Reform Journey



The Notification was issued on 30 June 2026. Full details are available in the Gazette of India.