Ministry of Micro,Small & Medium Enterprises

CGTMSE Guarantee Cover Goes Live on TReDS to Strengthen MSME Working Capital Access

Integration with M1xchange, RXIL and DTX (KredX) enables faster, technology-driven credit guarantee support for eligible Micro and Small Enterprises

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In line with the Union Budget Announcement to provide credit guarantee cover on Trade Receivables Discounting System (TReDS) platform, the Ministry of Micro, Small and Medium Enterprises has rolled out provisioning of credit guarantees on invoice discounting of Micro and Small Enterprises.

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Portal of the Ministry of MSME has now been integrated with the TReDS ecosystem, and Credit Guarantee Coverage is now available on three platforms: **M1xchange, RXIL and DTX (KredX)**. This is among the Ministry of MSME and CGTMSE's fastest technology-enabled roll-outs; bringing credit guarantee support closer to Micro and Small Enterprises and helping them access working capital faster through invoice discounting on TReDS.

The recently announced go-live of CGTMSE guarantee cover on three platforms is designed to help mitigate credit risk for financiers, enable greater financing of eligible receivables of Micro and Small Sellers, and support timely access to working capital for Micro and Small Buyers and Sellers at competitive rates.

CGTMSE has been integrated with the platforms, digitising the entire guarantee journey for financiers. Whereas Financiers can also check invoice eligibility and apply for CGTMSE cover in real time on the platform. This triggers automatic guarantee fee calculation based on invoice value, financier type and tenor, fee debit, and automatic generation of the cover note and corresponding invoice.

Dr. Rajneesh, Additional Secretary & Development Commissioner, Ministry of Micro, Small and Medium Enterprises presided over this roll-out and said, “Extending CGTMSE-backed guarantee cover to TReDS receivables is an important step in translating the Union Budget’s Announcement into on-ground impact, further strengthening the financing ecosystem for MSMEs by improving access to timely and formal sources of credit. It will also help in addressing the issue of delayed payments of MSEs.”

<u>TReDS: Strengthening Access to Timely Working Capital for MSMEs</u>

- TReDS is an online platform that enables Micro, Small and Medium Enterprises to receive early payments against their unpaid invoices. The guarantee will be provided by the CGTMSE and is part of the Government’s efforts to strengthen liquidity support for MSMEs.
- TReDS is an RBI-regulated electronic platform, operational since 2017, for financing and discounting the trade receivables of MSME due from corporate buyers, Government Departments and Public Sector Undertakings, through competitive bidding by multiple financiers.
- The platform has grown from strength to strength, with invoice discounting increasing from ₹40,000 crore in FY 2021-22 to ₹3.5 lakh crore in FY 2025-26.

- In the Union Budget 2026–27, presented on February 1, 2026, the Union Finance Minister announced a credit guarantee scheme for invoice discounting TReDS.
- Following the Budget announcement, Ministry of MSME in association with CGTMSE has launched a Special Provision that extends its guarantee to credit facilities on TReDS. It aims to tackle delayed payments and help small businesses get working capital, the money needed for day-to-day operations, faster. The main features are:

    -Who is eligible: Both the buyer and the seller must be Micro or Small Enterprises (MSEs).

    -Guarantee cover: 75% of the amount in default.

    -Maximum exposure: ₹10 crore for an MSE buyer and ₹2 crore for an MSE seller on a revolving basis.

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