FASTER PAYMENTS, STRONGER MSMEs: GOVERNMENT MANDATES TReDS FOR SETTLEMENT OF ALL MSME INVOICES BY CPSEs

The Government of India has taken a major step to solve the long-standing problem of delayed payments for small businesses. A formal notification issued on June 30, 2026, requires all operating Central Public Sector Enterprises (CPSEs) to use RBI-authorized Trade Receivables Discounting System (TReDS) platforms to settle invoices for goods and services bought from Micro, Small and Medium Enterprises (MSMEs). This rule turns the budget promise from the Union Budget 2026–27 into real action.

Core Pillars of the New Directive

- *Mandatory TReDS Routing:* All active CPSEs must process MSME vendor invoices through RBI-approved electronic platforms.
- *Strict Audit and Accountability:* CPSEs must report the details of settled invoices as asked by the RBI and show a statutory auditor's certificate of compliance during yearly audits.
- *Corporate Leadership:* This move sets a strong standard for timely payment behavior across all large corporate buyers in India.

Benefits and Operational Impact for MSME Suppliers

- *Fast Cash Conversion:* Approved invoices can turn into cash before the final due date.
- *Collateral-Free Finance:* Sellers do not need to provide property security or worry about recourse back to them.
- *Competitive Rates:* Banks and NBFCs bid against each other to discount invoices, offering quick and affordable working capital.

Understanding the TReDS Ecosystem

- Functioning since 2017 under RBI rules, TReDS lets multiple financiers competitively bid to discount trade bills owed by government bodies, public sector firms, and corporate buyers. Five authorized platforms handle these transactions: RXIL, M1xchange, Invoicemart, C2treds, and DTX. Invoice discounting volume has expanded sharply from ₹40,000 crore in FY 2021-22 to ₹3.47 lakh crore in FY 2025-26.

https://www.pib.gov.in/PressReleasePage.aspx?PRID=2283195&reg=48&lang=1

NITI AAYOG'S INVESTMENT FRIENDLINESS INDEX 2026

NITI Aayog's Investment Friendliness Index 2026 (IFI) transcends conventional, one-dimensional ease-of-doing-business metrics. By synthesizing 84 quantitative indicators with direct investor perception surveys across 28 states and 8 union territories, the framework evaluates what makes a State attractive for investors, as well as the challenges investors face. For investors, the index serves as a diagnostic tool that highlights how local governance impacts daily business operations.

Eight Core Pillars of IFI Framework

- *Infrastructure (25%):* Measures the robustness of sub-national connectivity and operations through logistics networks, energy availability, digital connectivity, and dedicated industrial manufacturing zones.
- *Business Climate (20%):* Tracks the overarching state economic performance alongside the vitality of the local innovation ecosystem and business facilitation services.
- *Resources (15%):* Evaluates the foundation of industrial input by assessing local natural resources and human resource capabilities.
- *Regulatory Ease (12%):* Assesses the efficiency of the legal landscape by measuring commercial compliance burdens and contract enforcement mechanisms.
- *Government Policy (10%):* Monitors the accessibility of state-level fiscal incentives and the speed of processing business clearances and single-window approvals.
- *Financial Health (7%)*: Analyzes the structural stability of the sub-national economy by tracking the state's overall fiscal position.
- *Institutional Environment (6%):* Judges the quality of administrative governance, institutional transparency, and the baseline enforcement of the rule of law.
- *Environment Resilience (5%):* Measures the vulnerability and adaptation capabilities of local industries against geophysical threats and weather-related disruptions.

Performance Tiers and Regional Leaders

States are categorized into four distinct performance bands: Top Performers (scores above 50), Frontrunners (45–50), Emerging Performers (40–45), and Aspiring States (below 40).

- *Large State Toppers:* Gujarat led the national tally with a score of 56.6, backed by stellar port turnaround times and a low fiscal deficit-to-GSDP ratio of 2.81%, followed by Maharashtra (53.7) and Tamil Nadu (53.3).
- *Regional Vanguard:* Uttarakhand topped the hilly and North-Eastern cohort, while Goa and Delhi set the pace among Union Territories and city-states.
- *The Policy Takeaway:* High scores correlate directly with efficient MoU-to-project conversions and digital single-window systems, which shield small units from procedural run arounds.

The Investment Friendliness Index aims to encourage collaboration and informed decision-making. By acting on the insights from this index, states can foster a healthier business environment, thereby attracting more capital. This can enable stronger economic growth across states, percolate capital and, thereby, development across regions, strengthen investment attractiveness, and spur meaningful steps towards realising the Viksit Bharat vision.

https://www.niti.gov.in/sites/default/files/2026-07/Investment-Friendliness-Index.pdf

PM VISHWAKARMA SCHEME COMMENCES IN WEST BENGAL

Significant financial and structural growth is transforming the MSME ecosystem in West Bengal through targeted central-state collaborations and gender-focused economic initiatives. Major central schemes like PM Vishwakarma, PMMY, and the MSME Innovative Scheme are now fully operationalizing across the state to boost local artisans, women entrepreneurs, and grassroots innovators.

PM Vishwakarma Scheme launched globally on September 17, 2023, to provide holistic, end-to-end support to artisans working with traditional tools. The Government of West Bengal issued an official notification on May 14, 2026, establishing the State Monitoring Committee and District Implementation Committees to oversee deployment. The scheme provides skill training, toolkit incentives, collateral-free credit support, digital transaction incentives, and marketing support to 18 traditional trades. Artisans including Carpenters, Boat Makers, Armourers, Blacksmith (Lohar), Tool Kit Makers, Locksmiths, Goldsmiths, Potters, Sculptors/Stone Workers, Cobblers, Masons, Basket/Mat/Broom Makers, Traditional Toy Makers, Barbers, Garland Makers, Washermen, Tailors, and Fishing Net Makers.

Pradhan Mantri Mudra Yojana (PMMY) has emerged as a cornerstone for institutional credit access for small businesses in the region. From April 08, 2015 to June 26, 2026, a total of 5.82 crore loans have been successfully disbursed in West Bengal. Total capital injected into the state's grassroots economy through these micro-loans stands at ₹3.55 lakh crore, driving self-employment and localized business expansion.

To transition early-stage concepts into commercially viable businesses, the Incubation Component of the **MSME Innovative Scheme** is actively nurturing the regional startup ecosystem. There are currently 23 approved Host Institutes (HIs) acting as Business Incubators across academic and innovation centers in West Bengal. Each approved innovative idea nurtured within these institutes is eligible to receive direct financial assistance of up to ₹15 lakh to facilitate prototype development and market transformation.

Empowering Women Entrepreneurs and Fisherfolk: Special structural incentives are being deployed nationally and regionally—including for women entrepreneurs and fisherfolk in the sensitive Sundarbans region—to bridge the credit and market access gap:

- *Udyam Registration Portal (UR) and Udyam Assist Portal (UAP):* Women-owned enterprises registered are eligible to avail benefits under various schemes of the Ministry including access to Priority Sector Lending.
- *Public Procurement Policy for MSEs:* Central Ministries and CPSEs are mandated to procure at least 3% of their annual procurement from women-owned Micro and Small Enterprises, thereby facilitating market access.
- *Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE):* Women-owned Micro and Small Enterprises are eligible for enhanced guarantee coverage of up to 90% (as against 75% for others) and a 10% concession in the annual guarantee fee.
- *PMEGP*: Women beneficiaries are categorized under Special Category and eligible for a higher Margin Money (MM) Subsidy rate of up to 35% and lower own contribution of 5% of project cost, compared to 25% MM Subsidy rate and 10% own contribution of project cost for beneficiaries under General category.
- *Skill Upgradation and Mahila Coir Yojana:* Women artisans engaged in the coir sector are provided with skill upgradation training under the Coir Vikas Yojana to enhance their employability and entrepreneurial capabilities.
- *Procurement and Marketing Support (PMS) Scheme:* Women entrepreneurs are provided financial assistance of up to 100% of the admissible expenditure for participation in domestic trade fairs, compared to 80% for other entrepreneurs.
- *PM Vishwakarma Scheme:* Women artisans engaged in any of the 18 notified trades are eligible for benefits including skill training, toolkit incentive, collateral free credit support, incentive for digital transactions and marketing support.
- *Yashasvini Campaign:* Ministry undertakes awareness, handholding, mentorship and capacity building activities to facilitate access of existing and aspiring women entrepreneurs to various Government schemes and institutional support.

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GOVERNMENT ENHANCES CGTMSE SCHEME TO BOOST COLLATERAL-FREE CREDIT FLOW FOR MSEs

In a significant move strengthening the financial support for Micro Small Enterprises (MSEs), the Credit Guarantee Scheme (CGS) raised its loan guarantee ceiling to ₹10 crore and reduced standard annual fees down to 0.37% to expand collateral-free loans via the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). The scheme provides collateral-free credit facilities to entrepreneurs, women-led enterprises, and units in backward districts.

Key Policy Updates & Loan Limits

- Enhanced Guarantee Ceiling: Raised from ₹5 crore to ₹10 crore effective from April 01, 2025.
- Reduced Annual Guarantee Fees: Cut standard rates by 50%, dropping fees to as low as 0.37% per annum.
- Mandatory Collateral Waiver: Scheduled Commercial Banks cannot accept collateral security for MSE loans up to Rs. 20 lakh (per RBI Master Direction dated February 9, 2026).

Special Targeted Incentives

- Credit Deficient Districts: Offers a 10% discount on AGF and 5% additional guarantee coverage in RBI-identified regions.
- Special Category Boost: Provides an enhanced extent of guarantee specifically for women-led MSEs and other special demographics.
- Tamil Nadu State Scheme: Implements the Tamil Nadu Credit Guarantee Scheme (TNCGS) to offer extra coverage for manufacturing MSEs in that state.

Monitoring & Awareness Mechanisms

- Periodic Performance Reviews: Tracked via State Level Bankers' Committee (SLBC) meetings to evaluate bank performance and sector credit flow.
- Strategic Outreach Programmes: Conducted by Ministry field offices alongside SIDBI, CGTMSE, and MSME Associations to create awareness of the scheme to stakeholders.

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EMPOWERING PM VISHWAKARMA (PMV) ARTISANS THROUGH ENHANCED MARKET ACCESS AT AIRPORTS

In a significant step towards strengthening market access for traditional artisans, a PMV stall at Shaheed Bhagat Singh International Airport, Chandigarh, was inaugurated on 14th July 2026, marking the launch of second operational PMV stall at an airport. The stall has been set up with the support of the National Bank for Agriculture and Rural Development (NABARD) and a Self-Help Group (SHG). Through this initiative, three PMV beneficiaries from Chandigarh have been provided with a platform to showcase and sell their handcrafted products. The first operational PMV stall was inaugurated earlier at Raja Bhoj Airport, Bhopal.

Key Features:

- By providing space at a high-footfall location such as Shaheed Bhagat Singh International Airport, Chandigarh, the initiative helps PMV beneficiaries gain better visibility, wider customer exposure, including domestic and international travellers, while promoting India's rich traditional craftsmanship and supporting the vision of *'Vocal for Local'* and *'Atmanirbhar Bharat'*.
- This initiative expands market opportunities and enable PMV artisans to engage directly with customers, understand market preferences, enhance product presentation and explore new avenues for growth, thereby supporting sustainable livelihoods on a larger stage.

https://www.pib.gov.in/PressReleasePage.aspx?PRID=2286958&reg=3&lang=1