

RBI TReDS Directions 2026

Turn an unpaid invoice into working capital, faster.

RBI MASTER DIRECTION

NOTIFIED 23 JUNE 2026

MSME FINANCE

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What is TReDS?

TReDS (Trade Receivables Discounting System) is an RBI-regulated digital marketplace where a micro, small or medium enterprise sells an approved unpaid invoice to a financier at a discount and receives cash upfront, instead of waiting out a 60, 90 or 120-day buyer credit period. It is a transparent, auction-based factoring platform.

The Three Participants

MSME Seller

Raised the invoice and needs cash now. Receives upfront payment at a discount instead of waiting months.

Buyer

Large corporate, PSU or government department who owes the money and accepts the invoice on the platform.

Financier

A bank or NBFC-Factor who bids to discount the invoice, relying on the large buyer's credit, not the MSME's.

Because the financier relies on the large buyer's credit, not the small supplier's, the MSME usually gets cheaper finance than an overdraft, and it is typically without recourse.

What Changed on 23 June 2026

On 23 June 2026 the RBI notified the Reserve Bank of India (Trade Receivables Discounting System) Directions, 2026: one consolidated Master Direction replacing the 2014 TReDS guidelines and every amendment since. The draft was released for comment on 8 April 2026.

Five Substantive Changes

1

Due-Diligence Removed

Mandatory MSME seller due-diligence at onboarding is removed, reducing friction for small suppliers.

2

New Participants Admitted

Insurers and government credit guarantee funds are now permitted as participants on the platform.

3

Net-Worth Norm

A Rs 25 crore net-worth requirement introduced for platform operators, certified by a statutory auditor.

4

Operational Flexibility

Greater operational flexibility granted to platform operators to run and grow their systems.

5

Single Rulebook

One consolidated Master Direction replaces scattered circulars and amendments dating back to 2014.

The Headline Change: MSME Due-Diligence Removed

What Changed

The mandatory MSME seller due-diligence at onboarding is removed. Under the old framework, small suppliers had to clear a due-diligence process before joining a platform.

The Logic

On TReDS the financier takes exposure on the buyer's accepted invoice, not the seller's balance sheet, so seller-side due diligence added friction without adding safety.

Before

Small suppliers required to clear a due-diligence process before joining. High paperwork burden. Many MSMEs effectively locked out.

After

Far less paperwork at onboarding. Many more small suppliers can actually get onto the platform and access working capital.



Wider Participation: A Deeper Financier Pool

The financier pool just got deeper. Insurance companies and government-notified credit guarantee funds are now permitted as participants. Financiers may obtain guarantee cover for factoring units from any credit guarantee fund trust set up by the Government.



Insurance Companies

Now permitted as participants on TReDS platforms, bringing additional risk-sharing capacity to the ecosystem.



Credit Guarantee Funds

Government-notified credit guarantee fund trusts can now participate, providing guarantee cover for factoring units.



More Aggressive Bidding

Guarantee cover lets financiers bid more aggressively, and at finer rates, on invoices where the buyer is not a top-rated name.

Mid-Rated Buyer Access

MSMEs selling to mid-rated buyers stand a real chance of getting financed, not just those with top-tier corporate buyers.

Key Numbers at a Glance

Rs 25Cr

Minimum Net Worth

Required for TReDS platform operators, certified by a statutory auditor, aligning them with other non-bank payment system operators.

2028

Transition Deadline

31 March 2028 is the transition window for existing authorised operators to meet the net-worth norm.

2026

Effective Date

23 June 2026 is the effective date of the Directions, when the consolidated Master Direction came into force.

2014

Original Guidelines

The year of the original TReDS guidelines, now fully consolidated into this single Master Direction.

- ❏ The net-worth norm is an operator-level requirement. It does not change anything an MSME seller or buyer has to do.

Who Is Affected?

MSME Suppliers

Easier onboarding and a deeper financier pool. A more accessible working-capital tap for receivables stuck in long credit periods.

Large Corporate and PSU Buyers

Continued pressure to onboard and accept supplier invoices promptly on the platform.

Financiers

Banks and NBFC-Factors gain wider guarantee-cover options and new co-participants to share risk on the platform.

CAs and Advisors

A concrete, low-risk tool to recommend to MSME clients under working-capital stress, plus a cleaner single rulebook for platform-operator clients.



Read It With the 45-Day Rule



TReDS Does Not Sit in Isolation

It works alongside the MSME 45-day payment discipline: under Section 43B(h) (carried forward under the Income-tax Act 2025), a buyer is denied the deduction for amounts payable to a registered micro or small enterprise if not paid within the statutory 45-day (or 15-day) window.

A Combined Attack on the Same Problem

Prompt-payment pressure plus an easier discounting platform together attack the same chronic problem: MSME cash trapped in receivables.

📖 Read the two together when you plan the quarter.

Action Plan and Next Steps

MSME Founders

Platform Operators

Start the net-worth and statutory-auditor certification work early ahead of the 31 March 2028 deadline.

Financiers

Re-map your guarantee-cover strategy in light of the new participants and expanded guarantee fund access.

Always pull the full Directions from rbi.org.in before acting on a specific number.

01

Register on a TReDS platform now that onboarding friction is lower.

03

Push your buyers to onboard, because a transaction needs the buyer to accept the invoice.

Need Help Mapping Receivables Finance to Your Compliance Posture?

Talk to an Expert

CA Adityavikram Banka

Founder, A S Banka Advisors Private Limited

02

Map which of your large buyers are already onboarded on the platform.

04

Compare the TReDS discount rate against your overdraft before each financing decision.