

# Mixchange expects trade receivables financing of MSMEs to double in FY23

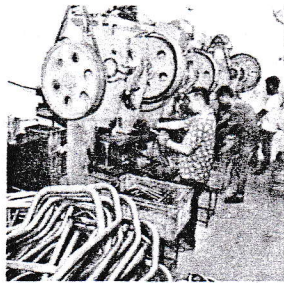
OUR BUREAU

Mumbai, September 7

Mixchange expects financing of trade receivables of micro, small and medium enterprises on its digital marketplace to more than double to ₹25,000 crore in the current year.

The industry and banks have become comfortable adopting the digital marketplace (Trade Receivables Discounting System (TReDS) platform), which was introduced by the Reserve Bank of India in 2017 to facilitate financial inclusion of MSMEs, according to Sundeep Mohindru, CEO, Mixchange.

"In April 2017, when we launched the TReDS platform, the total value of discounting for MSMEs in that financial year (FY18) was ₹300 crore and it grew to ₹12,000 crore in FY22. In FY23, we will be doing ₹25,000-30,000 crore," he



said. Mohindru observed that earlier, the challenge was that banks used to find financing trade receivables of MSMEs risky.

## 'Banks gain confidence'

"Now, without meeting a customer face-to-face, a banker sitting in his office is discounting the invoice, and payment is going to the customer's account through the exchange," he said.

Mohindru said trade receivables of MSMEs,

amounting to ₹100 crore a day, are being financed/discounted on Mixchange, as against ₹300 crore a year in the first year of its operations.

"...So, the SME gets financing at the same rate of interest as a large corporate. So, the average rate of interest for an SME ranges from 5 per cent to 9 per cent per annum, which otherwise these enterprises would have never got," explained the Mixchange chief.

Since the SME's cost of business has come down, it is passing on the benefit to its customers.

"So, SMEs get their payment on time and can service the supply chain better. Therefore, it is a win-win for the corporate, SME and bank. There is zero delinquency for banks on TReDS," emphasised Mohindru.