

## India's first solutions-focused report for MSME delayed payments launched

**National, 02.03.2023:** The Delayed Payments Report 2.0 titled '**Imagining Solutions to Unlock Working Capital for MSMEs**' by Global Alliance for Mass Entrepreneurship (GAME) and C2FO (Collaborative Cash Flow Optimization) was today released by the Chief Economic Advisor to the Government of India, Dr V Anantha Nageswaran.

The newly launched report is focused on addressing plausible solutions with three central pillars - Government and Policy Makers, Finance Enablers and Financiers, and Large Enterprises (including PSUs) for resolving Indian MSME's financial crisis, as well as focus on creating an additional 10 crore jobs by 2030.

The report was co-authored by C2FO and GAME with extensive discussions and inputs from Shri BB Swain and Shri Ajeet Singh of MSME Ministry, Shri Sharad Sharma, Co-founder, iSPIRIT, Shri Vivek Malhotra, Chief General Manager, SIDBI, Shri Anil Bhardwaj, Secretary General, FISME, Shri Adarsh Kumar, Senior Agribusiness Specialist with the Food and Agriculture Global Practice, World Bank and Shri Rajesh Kumar, Managing Director & Chief Executive Officer, Transunion CIBIL.

Commenting on the report, **Dr V Anantha Nageswaran, Chief Economic Advisor to the Government of India**, said, "I am quite pleased with the fact that Global Alliance for Mass Entrepreneurship continues to focus on the issue of Delayed Payments that needs resolution. This is an issue that can only be tackled over time by maintaining a constant pressure. It is also an issue that remains to be resolved not only in India, but several countries across the globe. In India, the Government has been focusing on MSMEs since 2014. And hopefully over time, through some of the legislative and budgetary announcements, we can slowly bring about a mindset shift, not just in the private sector, but also in the public sector. And then, mechanisms and artificial interventions will no longer be necessary with prompt payment culture becoming embedded as part of normal large enterprise behaviour. In the 2023-24 budget, the government has made it clear that payments to MSME suppliers cannot be claimed on an accrual basis and cannot be set off against taxable income unless the payment is actually made. That makes it clear that companies cannot have their cake and eat it too. Without a vibrant MSME sector, we cannot talk of India becoming a global economic power."

**Ravi Venkatesan, Founder, Global Alliance for Mass Entrepreneurship (GAME)**, says, "Most MSMEs grapple with financial assistance, lack of mentoring support to scale the business, and technological obsolescence. Enterprises can become efficient and create more jobs if they have access to markets, finance & technology, and strategy to be competitive. Uninterrupted cash flow is a pre-requisite, and GAME's Delayed Payment 2.0 proposes a four-point solution to enable MSMEs to succeed, and the Indian economy continues to expand."

**Alexander Kemper, Founder & CEO, C2FO**, pointed out, "Delayed payments and the lack of formal financing can adversely impact a nation's potential to create jobs. While struggling to cope with payment delays, business owners are also under pressure due to long winded credit evaluation criteria and processes that limit their access to loans. Through this report,

we have suggested solutions that leverage the India stack (Account Aggregator, GST), simplify credit guarantee schemes, and create the right incentives for buyers and sellers to remediate this crippling issue."

The report serves as evidence of lakhs of businesses not being part of the formal economy, thereby never having had access to credit. The impact of delayed payments and the lack of formal financing has adversely impacted the nation's potential to create jobs, causes for which also include raised expenses creating further hurdles in conducting business. While struggling with payment delays, business owners are also pressured by non-representative and exclusive evaluation criteria limiting their access to loans.

The attempted efforts of the Government to introduce schemes and norms will be expected to encourage the credit flow as well as strengthen cash flow-based lending by simplifying credit guarantees, strengthening TReDS by integrating GST data, and re-imagining the process of dispute resolution for delayed payments.

You can download the entire report on <https://massentrepreneurship.org/wp-content/uploads/2023/03/Delayed-Payments-Report-2.0.pdf>

**ABOUT GLOBAL ALLIANCE FOR MASS ENTREPRENEURSHIP:** GAME's mission is to catalyze an India-wide entrepreneurial movement and favourable conditions for the growth of existing and new enterprises resulting in 50 million new jobs by 2030. We aim to ensure that a significant percentage of new businesses are women-owned. We hope to inspire and support similar movements in other parts of the world facing similar challenges. GAME is a non-profit operating as a project under Junior Achievement India Services. For more information, visit: <https://massentrepreneurship.org/>

**ABOUT C2FO:** C2FO is the world's on-demand working capital platform, providing fast, flexible and equitable access to low-cost capital to nearly 2 million businesses worldwide. Using patented Name Your Rate® technology and a suite of working capital solutions, companies can get paid sooner by the world's largest enterprises — unlocking billions in risk-free capital. With a mission to ensure that every business has the capital needed to thrive, C2FO has delivered more than \$262 billion in funding around the world. Founded in 2008 and headquartered in Kansas City, USA, with offices around the globe, C2FO is working to build a better, more inclusive financial system every day. C2FO has been serving thousands of MSMEs and Enterprises in India for nearly a decade and has recently received an in-principle authorization from the Reserve Bank of India to set up and operate a Trade Receivables Discounting System (TReDS) platform in India. To learn more, visit [C2FO.com](https://C2FO.com).

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