

September 2025



M1

• DIGITAL •

CONNECT



Festive Growth needs Festive Liquidity: Fuelling the Economy's Busiest Season



High Demand, Strained Cash Flow

India's festivals are the engine room of national commerce, annually providing a powerful economic boost. With consumer confidence soaring and e-commerce projected to exceed ₹1.15 trillion in sales, businesses are poised for their most profitable quarter. However, a structural vulnerability remains: high demand does not guarantee healthy cash flow.



The Working Capital Challenge: An upfront Cost, a Delayed Pay-out

The surge of festive demand is financially front-loaded. Companies must commit significant upfront capital to raw materials and increased production; especially in sectors like packaging, where input costs have already risen. Yet, payments from large buyers often lag by weeks or months. This timing mismatch between immediate expense and delayed income generates a profound liquidity crunch, risking under-supply at the most critical time of the year.

TReDS: The Digital Solution to the Festive Cash Flow Gap

This is where M1xchange's TReDS (Trade Receivables Discounting System) steps in, fundamentally inverting the old, slow, and collateral-heavy working capital model. By allowing businesses to digitally discount their verified invoices, M1xchange guarantees the injection of essential liquidity within 24 hours. TReDS is the vital bridge connecting soaring festive demand with immediate supply. For businesses, this means the end of payment delays as a growth bottleneck, empowering them to meet peak demand confidently and competitively.



GST Reforms: The Twin Boost of Demand and Working Capital

Adding significant momentum to this year's festive story are the landmark GST reforms of 2025. Effective from September 22, the government rationalised GST slabs, removing the 12% and 28% rates and consolidating them into 5% and 18% (with 40% reserved for luxury goods).

The impact is twofold. On the consumer side, products that saw rate reductions have become immediately more affordable. Early estimates show festive e-commerce sales have already jumped by 23–25%.

For instance, large televisions saw a drop from 28% to 18% GST, translating into a 6–8% fall in retail prices and a sharp spike in demand.

Crucially, the reforms are also a cash flow enabler for businesses. The continued usability of existing Input Tax Credit (ITC) in the e-credit ledger allows companies to offset output tax liabilities, effectively unlocking working capital that might otherwise have been tied up in compliance or tax loops. This rare combination of stronger consumer demand and smoother cash flow management provides an ideal environment for businesses aiming for a record peak season.

Sector Spotlight: Demand Outpaces Liquidity

Across India's key industries, the festive outlook is bullish, yet the core challenge remains unified: demand is strong, but capital flow is tight.

Sector	Outlook and Drivers	Liquidity Stress Point
E-commerce	Projected to cross ₹1.15 trillion in sales, driven by digital penetration and GST price benefits.	Need for continuous vendor pay-outs to keep supply flowing during peak sale events.
Consumer Durables	Anticipated double-digit growth, with GST rationalisation on large appliances boosting affordability.	Manufacturers require upfront working capital to meet pre-festive stocking and increased production runs.
Automobiles	Strong pre-festive booking surge across passenger vehicles and two-wheelers.	Liquidity is critical for Tier-2 and Tier-3 auto suppliers to manage raw material & component costs.
Textiles & Fashion	Expecting bumper sales, particularly in semi-urban markets, fueled by GST cuts and higher consumer spending.	Cash flow is required for advance procurement of fabrics and labour mobilization for production.
FMCG	Seeking to regain strong rural momentum as disposable incomes and festival spending rise.	Need for rapid capital deployment to expand distribution and stock retail channels ahead of time.



TReDS in Action: Transforming Festive Outcomes for MSMEs

At M1xchange, we see daily proof of how instant access to finance fundamentally transforms festive outcomes. These real-world examples are not merely isolated success stories; they are tangible evidence of how digital finance unlocks growth for businesses across the country:

A Tier-2 Auto Ancillary in Lucknow: Expanded production seamlessly, fulfilling its increased festive orders from major Original Equipment Manufacturers (OEMs) without experiencing a single cash-flow hiccup.

A Women-led SME in Kerala: Successfully used TReDS to scale up operations for the massive festive surge, completely side-stepping the need for costly and burdensome informal credit.

A Packaging Company: Doubled its capacity almost overnight by instantly unlocking capital from its receivables through TReDS, thereby ensuring it fully captured the seasonal demand boom.

These are not exceptions; they are glimpses into the future of festive commerce. They demonstrate clearly how digital access to working capital empowers businesses everywhere to convert high demand into guaranteed profit, transforming the potential of the festive season into confident, competitive growth.

Securing India's Festive Prosperity

The Indian festive season is a definitive test of operational readiness. With GST reforms fuelling a massive surge in demand across e-commerce, electronics, and automotive sectors, the potential for growth is unprecedented. Yet, as we have seen, this opportunity hinges entirely on solving the liquidity conundrum, the mismatch between immediate production costs and delayed pay-outs.

The solution is clear: digital finance is the new backbone of festive commerce. M1xchange's TReDS platform offers businesses the speed and capital required to overcome this final hurdle.



Bill
Discounted
2,25,000+ Cr



MSMEs
Onboarded
65000+



Corporates
Onboarded
3,300+



Financiers
Onboarded
69



M1xchange Expects Over 1 Lakh MSMEs on Board by First Half of Next Fiscal



M1xchange, a leading RBI-licensed Trade Receivables Discounting System (TReDS) platform, is poised for significant growth, having facilitated invoice discounting worth ₹2 lakh crore for over 60,000 MSMEs till date.

The platform, which provides MSMEs with working capital at competitive rates, expects to surpass one lakh MSMEs by H1FY27, currently adding 2,000 MSMEs monthly. In terms of value, M1xchange is targeting a robust ₹1.25 lakh crore

in invoice discounting in FY26, which would represent a significant year-on-year growth over the ₹78,000 crore processed in FY25. The exchange's strength is underpinned by over 3,000 corporates (including PSUs and MNCs) and more than 69 banks and NBFCs. Crucially, the platform maintains a superior asset quality, reporting negligible Non-Performing Asset (NPA) out of the ₹2 lakh crore sanctioned, a figure reportedly better than the best of traditional banks.

[Read more...](#)

M1xchange expects over 1 lakh MSMEs on board by first half of next fiscal

Mithun Dasgupta
Kolkata

M1xchange, which facilitates invoice discounting for MSMEs to provide them working capital at competitive rate of interest, expects over one lakh MSMEs to be registered on the platform by the first half of the next financial year.

The platform has till date facilitated invoice discounting worth ₹2 lakh crore for more than 60,000 MSMEs.

1,000 MSMEs A MONTH

"On our platform, we are adding about 1,000 MSMEs every month, which means by the end of this financial year, we should have about 70,000 MSMEs on our platform. Hopefully, we should be able to cross one lakh MSMEs by H1FY27," Kaustubh Srivastava, Senior Director, M1xchange, told *businessline*. The country's leading RBI-licensed TReDS platform is looking to facilitate disbursing loans worth ₹1.25 lakh crore to MSMEs through the platform for this financial year.

"Backed by increasing numbers of MSMEs and corporates on our platforms, we



Kaustubh Srivastava, Senior Director, M1xchange

are looking to disburse loans worth ₹1.25 lakh crore in FY26. It would be around 70 per cent growth year-on-year over FY25," Srivastava said.

TOTAL VALUE

The platform had processed invoices worth over ₹78,000 crore in total value in FY25.

"More than 3,000 corporates are there on the platform right now. It includes a lot of PSUs, a lot of MNCs, and very large corporates. On this platform, we have over 69 banks and NBFCs," Srivastava said.

"This platform has a very low rate of NPAs compared to all the banks. Out of the ₹2 lakh crore that we have financed till date, only ₹32 crore has become NPAs. If you compare with any bank,

this is better than the NPA ratio of even the best of banks," he added.

TReDS PLATFORM

M1xchange is a TReDS (Trade Receivables Discounting) exchange that started in April 2017. It facilitates the financing of trade receivables of MSMEs from corporate buyers through 'factoring' or 'invoice discounting' by financiers (banks and NBFCs).

Transactions on the TReDS platform happen digitally and start when the MSME supplier of goods and services raises the invoice, and the buyer validates the same.

This permits the financiers to bid against the verified and approved invoice.



Meeting Festive Demand with the Right Working Capital Solution



The annual festive season transforms into a business marathon, offering companies a significant growth window. However, this surge in demand creates a major cash-flow paradox: while sales are high, businesses struggle with high upfront costs and the strain of delayed payments from long credit cycles. Traditional financing options, such as bank loans, are often too slow, require collateral, and needlessly inflate corporate debt, making them unsuitable for the speed required during this critical period.

M1xchange, India's RBI-licensed TReDS platform, provides a practical and future-ready solution to this liquidity challenge. It allows for the instant conversion of pending invoices into collateral-free cash within 24 hours, bypassing long credit cycles. This agility ensures orders are fulfilled seamlessly, strengthens vendor relationships, and converts temporary seasonal peaks into sustainable, long-term growth. To understand how M1xchange helps turn festive challenges into lasting success, read the full blog.

[Read more...](#)



Fueling Festive Growth
With The Right Working
Capital Solution



1800 103 7261 (Toll free)



helpdesk@m1xchange.com

FOLLOW US ON:



YouTube