



# **The Inner Circle — Edition #4**

**MSME Schemes and Loans: Your Complete 2026 Policy Guide**

By Dr. Dibyendu Choudhury | January 2026 | The Inner Circle Newsletter

# The Policy Landscape Has Changed

2026 is the most consequential year for MSME policy in India since the MSMED Act of 2006. Three major shifts have happened in quick succession — and most MSME owners have missed all three.

Dear Inner Circle,

The ground beneath Indian MSMEs has shifted dramatically. What follows is your definitive briefing on the three policy changes that will define the next decade of small and medium enterprise growth in India — and exactly what you need to do about each one.

## Shift #1

Collateral-Free Loans doubled to  
Rs 20 Lakh

## Shift #2

Rs 10,000 Crore SME Growth Fund  
via SIDBI

## Shift #3

TReDS now mandatory for all  
CPSEs



# Shift #2: The Rs 10,000 Crore SME Growth Fund

Budget 2026 created a dedicated **Rs 10,000 crore SME Growth Fund** managed through SIDBI. This fund provides equity and quasi-equity to MSMEs in manufacturing, services, and technology sectors.



## Who Qualifies

Enterprises with turnover between **Rs 5 crore and Rs 250 crore**. Applications open through SIDBI's portal.

## Sectors Covered

- Manufacturing
- Services
- Technology

## Type of Support

Equity and quasi-equity financing — not just debt. This is a structural shift in how the government supports MSME growth.

# ₹10K Cr

### Fund Size

Total corpus managed through SIDBI

# ₹5Cr

### Minimum Turnover

Lower threshold for eligibility


# ₹250Cr

### Maximum Turnover

Upper threshold for eligibility

# Shift #3: TReDS Now Mandatory for CPSEs

All Central Public Sector Enterprises must now onboard TReDS platforms, enabling MSME suppliers to **discount invoices within 48 hours**. This eliminates the 90–120 day payment cycle that has bankrupted thousands of MSME suppliers.

 The 90–120 day payment delay from government entities has been one of the most destructive forces for MSME cash flow in India. This mandate changes everything.

## Action Required

Register on one of the three approved TReDS platforms immediately if you supply to any government entity:



### M1xchange

MSEI-promoted TReDS platform



### RXIL

NSE and SIDBI promoted platform

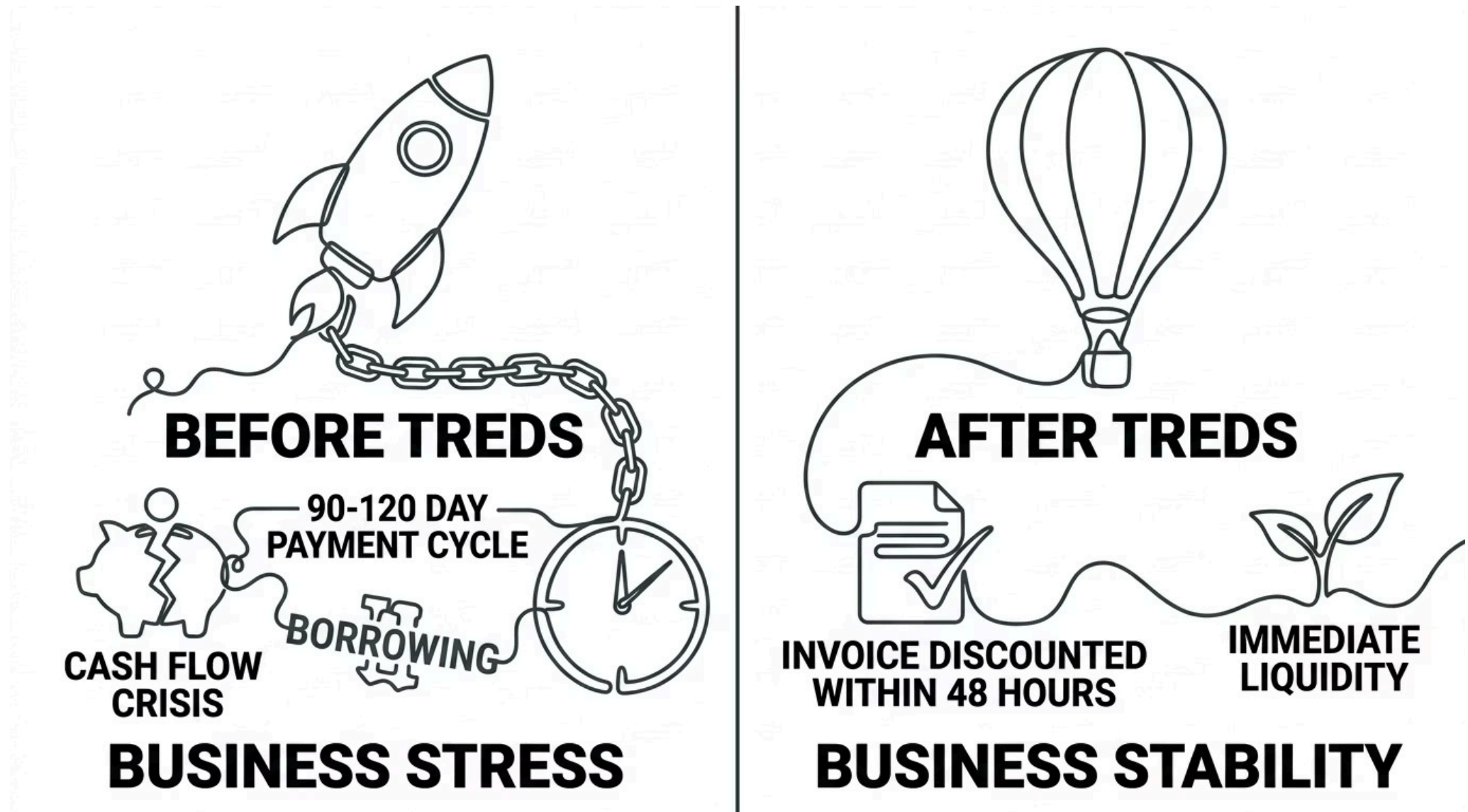


### Invoicemart

Axis Bank and mjunction promoted platform

# The TReDS Advantage: Before vs. After

Understanding the magnitude of this change requires seeing the payment cycle transformation side by side. For MSME suppliers to government entities, this is nothing short of a financial revolution.



Thousands of MSME suppliers have historically been forced to take high-interest bridge loans simply to survive the wait for government payments. The mandatory TReDS onboarding for CPSEs closes this gap permanently.

# Your Policy Checklist for 2026

Five actions every MSME owner must complete this year. Do not wait — each of these has a compounding benefit the earlier you act.

**1**

## **Renew / Activate Udyam Registration**

Your Udyam Registration is the gateway to every scheme listed here. Without it, you are invisible to the policy ecosystem.

**2**

## **Ensure 12 Months of GST Compliance**

Banks and SIDBI will verify your GST filing history. Any gap disqualifies you from collateral-free loans and fund access.

**3**

## **Register on TReDS**

If you supply to any government entity or CPSE, register on M1xchange, RXIL, or Invoicemart immediately.

**4**

## **Explore SIDBI SME Growth Fund Eligibility**

Check your turnover against the Rs 5–250 crore band and apply through SIDBI's portal before the fund is oversubscribed.

**5**

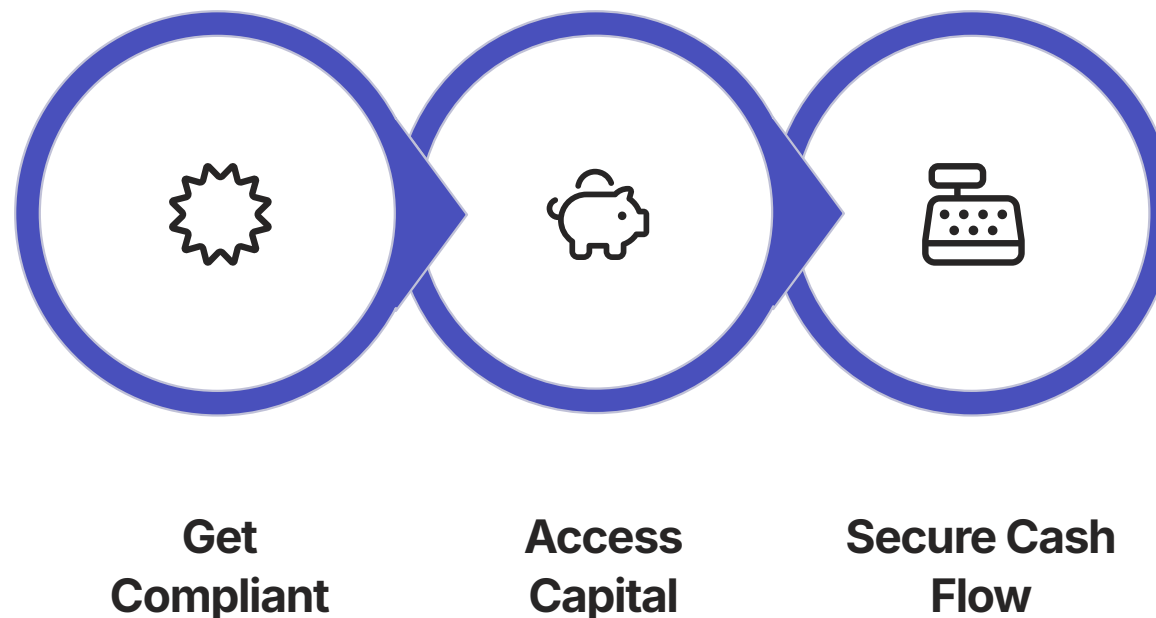
## **Apply for Collateral-Free Working Capital**

Walk into your Scheduled Commercial Bank with your Udyam certificate and 12 months of GST returns. The limit is now Rs 20 lakh.

# The Three Shifts at a Glance

A structured view of all three policy changes — what changed, who benefits, and what action is required from you.

Policy Shift	What Changed	Who Benefits	Your Action
<b>Collateral-Free Loans</b>	Limit doubled from Rs 10L to Rs 20L by RBI	All registered MSMEs with clean credit	Apply at any Scheduled Commercial Bank
<b>SME Growth Fund</b>	Rs 10,000 Cr equity fund created via SIDBI	MSMEs with Rs 5–250 Cr turnover	Apply through SIDBI portal
<b>TReDS Mandate</b>	CPSEs must onboard TReDS platforms	MSME suppliers to government entities	Register on M1xchange, RXIL, or Invoicemart



Each step builds on the previous one. Compliance unlocks capital access, and capital access combined with TReDS creates a stable, growth-ready enterprise.

# Why 2026 Is the Most Consequential Year Since 2006

The MSMED Act of 2006 defined what an MSME is. The policy changes of 2026 define what an MSME can *become*.

## The 2006 Baseline

The MSMED Act created the legal framework — definitions, classifications, and the institutional architecture for MSME support. It was foundational but largely structural.

## The 2026 Leap

The 2026 shifts are operational and financial — they directly put money in MSME hands, eliminate payment delays, and open equity markets to enterprises that previously had no access.

The combination of collateral-free credit expansion, equity access through SIDBI, and mandatory invoice discounting creates a complete financial ecosystem for Indian MSMEs for the first time.

# Until Next Fortnight — Keep Thinking, Keep Building

*Until next fortnight — keep thinking, keep building.*



## Stay Compliant

Udyam Registration and GST compliance are your foundation. Every scheme, every loan, every fund starts here.



## Access Capital

Rs 20 lakh collateral-free and Rs 10,000 crore in equity — the capital is there. Go claim your share.



## Secure Cash Flow

TReDS turns 90-day waits into 48-hour payments. Register now and transform your working capital position.

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**Dr. Dibyendu Choudhury** | Former MoMSME

[www.dibyenduchoudhury.com](http://www.dibyenduchoudhury.com)

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