

Atradius Payment Practices Barometer

# B2B payment practices trends India 2025



## In this report

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B2B payment practices trends	4
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Looking ahead	6
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Key industry insights	
Agri-food	7
Chemicals	9
Textile and clothing	11

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Survey design	13
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## About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey gives you the opportunity to hear directly from businesses trading on credit with B2B customers about how they are coping with evolving trends in customer payment behaviour. Staying informed about these trends is vital because it helps to identify emerging shifts in customer payment habits, allowing businesses to address potential liquidity pressure and maintain smooth operations.

Businesses operating in – or planning to enter – the markets and industries covered by our survey can gain valuable insights from our reports, which also shed light on the challenges and risks companies anticipate in the coming months, as well as their expectations for future growth.

This report presents the survey results for **India**.

The survey was conducted during the second half of Q2 2025. Findings should therefore be viewed with this in mind.





# B2B payment practices trends

## Surge in B2B payment delays and bad debts spark cash flow strain

A significant rise in B2B payment delays is casting a shadow over the corporate liquidity management of companies across India. Nearly three in five firms report deteriorating customer payment behaviour, and overdue invoices now affect an average 63% of all credit-based B2B sales, causing stress on cash flows. The primary reasons behind late payments are customer liquidity constraints and supply chain disruptions. Bad debts have also risen to an average 7% of B2B invoices, prompting serious revenue losses that directly erode margins and compromise profitability.

Indian companies are responding to these dynamics with varied approaches to their trade credit strategies. Although some businesses have tightened terms, most have relaxed their payment policies, offering longer terms to support B2B customer relationships. However, this is heightening exposure to customer payment risks. 50% of all B2B sales are currently made on credit, with average payment terms standing at 52 days.

There is a mixed picture on the working capital management landscape. Businesses are nearly evenly split between those observing stable payment collection timelines and those experiencing fluctuations, both faster and slower, as reflected in Days Sales Outstanding (DSO) figures. Stock build-ups are hindering liquidity release, adding strain on operations. To offset these challenges, many companies report delaying payments to suppliers, as indicated by rising Days Payable Outstanding (DPO). This strategy offers short-term liquidity relief but risks straining supplier relationships.

Bank loans remain the most common trade finance tool, used by three in five companies. The preference for bank credit reflects a need for accessible, flexible funding amid increasing operational and payment risk. To manage B2B credit risk most Indian firms either rely on internal provisioning or outsourced solutions such as trade credit insurance, while many favour a combined approach for greater resilience. Overall, our survey reveals a B2B credit landscape marked by growing financial vulnerability, and where strategic customer payment risk management will be key to protecting financial health.

Key figures and charts on the next page



# Key figures and charts

## India

% of the total value of B2B invoices paid on time, overdue and bad debts

(change vs. 2024)



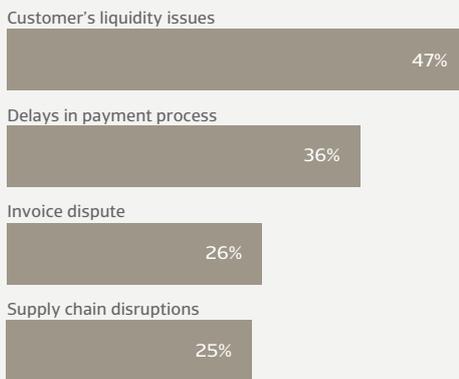
Sample: all survey respondents

Source: Atradius Payment Practices Barometer India – 2025

## India

What are the top 4 reasons your B2B customers pay invoices late?

(% of respondents - multiple response)



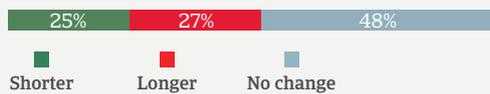
Sample: all survey respondents

Source: Atradius Payment Practices Barometer India – 2025

## India

% of respondents reporting changes in Days Sales Outstanding (DSO)\* over the past 12 months

(% of respondents)



\*average amount of time to collect payment after a sale

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India – 2025

## India

What are the main sources of financing that your company used during the past 12 months?

(% of respondents - multiple response)

- 75% Bank loans
- 60% Invoice financing
- 50% Trade credit
- 45% Internal funds

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India – 2025





# Looking ahead

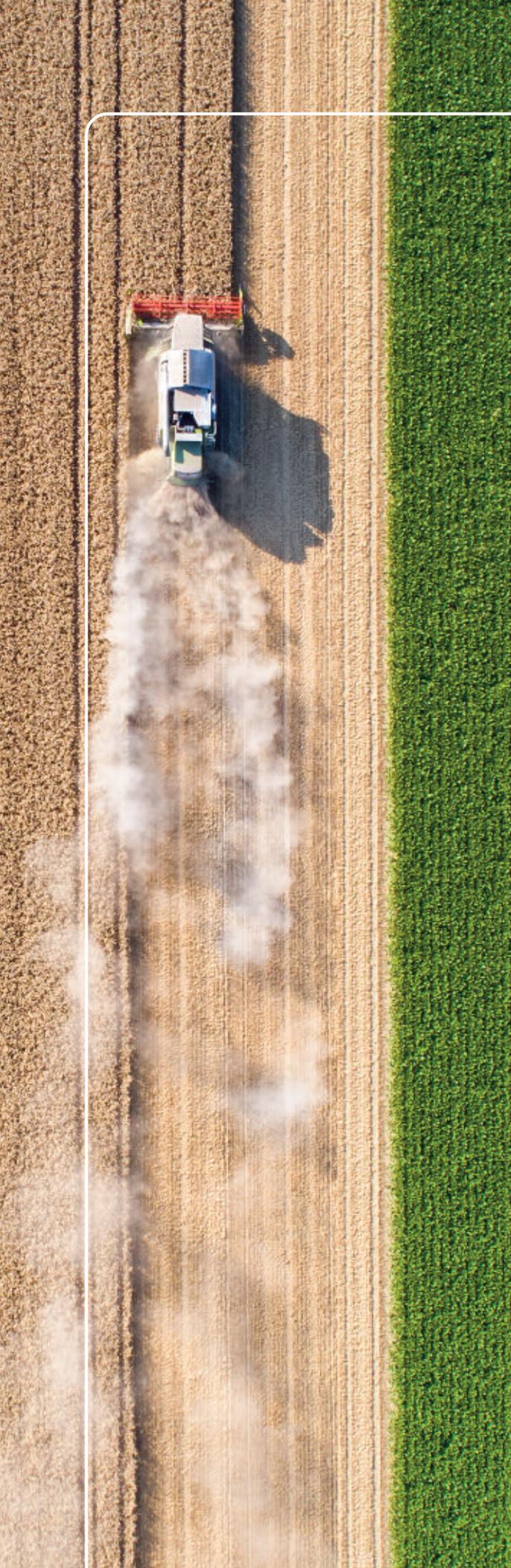
## Widespread concern about rising insolvency risk and subdued profitability

Our survey finds that confidence in the stability of the B2B credit landscape is clearly under strain as Indian businesses prepare for the second half of the year and beyond. A substantial 72% of companies across various industries expect B2B customer insolvencies to rise in the coming months. This outlook reflects a convergence of ongoing cash flow pressures, customer liquidity issues, and broader macroeconomic uncertainty, all factors that are weighing on financial resilience across the corporate sector.

In anticipation of these risks companies in India are sharpening their focus on working capital management. Most report plans to intensify collection efforts in the months ahead, hoping to shorten Days Sales Outstanding (DSO) and accelerate cash recovery. This reflects a clear understanding that maintaining liquidity will depend not only on managing credit exposure, but on speeding up inflows amid an increasingly uncertain trading environment.

Optimism is tempered by expectations around inventory, however. Most companies foresee either no significant changes in turnover or even a build-up of stock, circumstances which restrict the ability to release cash tied up in inventory. More than half of businesses are responding with delayed payments to their suppliers, easing internal liquidity stress. Other firms say they expect their suppliers to demand quicker settlements to manage their own financial pressures. Sales forecasts remain cautiously optimistic, but expectations around profitability are more subdued, signalling growing cost pressures and tighter margins ahead.

Despite this, companies generally report no major shifts in their current approach to customer payment risk management. Looking forward, most businesses agree on the need to stay flexible and responsive to economic and market volatility. While India's corporate sector is actively working to safeguard liquidity, vulnerabilities remain. The coming months will test the ability of companies to adapt to a challenging credit risk landscape amid unpredictable economic shifts and ongoing geopolitical developments that affect trade and supply chains.



# Key industry insights

## Agri-food

A marked tightening of trade credit policies across the agri-food sector is reflected in only

44% of B2B sales being made on credit. Most businesses are relaxing payment terms, which now average more than 50 days from invoicing, highlighting the delicate balance between securing revenue and supporting customers. Overdue payments affect more than 60% of invoices, revealing a worsening trend in payment behaviour. Customers now take more than a month beyond due to settle outstanding debts, with liquidity constraints the main reason. Bad debts are stable at an average 7% of B2B invoices, but still pose a material risk to profit margins.

Companies are responding with strengthened collection processes that are delivering modest improvements in DSO. Working capital remains strained, however, with widespread inventory build-ups and delayed supplier payments further reflecting efforts to conserve cash. Bank credit is the preferred trade finance instrument to support day-to-day liquidity. Most companies adopt a combined strategy for mitigating credit risk, but a significant number acknowledge the value of insuring receivables to deal with customer credit risk. 81% of businesses expect a rise in customer insolvencies, and combined with growing concern over regulatory changes, rising input costs, and geopolitical disruptions, this leaves the sector increasingly exposed.

### India - Agri-food

Top 5 challenges companies face when offering credit to B2B customers

(% of respondents - multiple response)

Balancing customer terms with financial stability

43%

Managing the effects of fluctuating financing costs

35%

Maintaining customer relationships

30%

Cash flow disruptions

30%

Managing shifting B2B payment behaviour

29%

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India – 2025



# India - Agri-food

## Key industry figures

Main sources of financing used by the industry over the past 12 months

(% of industry respondents)

**78%**  
Bank loans

**55%**  
Invoice financing

**38%**  
Trade credit

**29%**  
Internal funds

Expected change in insolvency risk of B2B customers over the next 12 months

(% of industry respondents)

**81%**  
Increase

**14%**  
Remains as current

**5%**  
Do not know

Top 3 challenges businesses in the industry expect to face over the next 12 months

(% of industry respondents - multiple response)

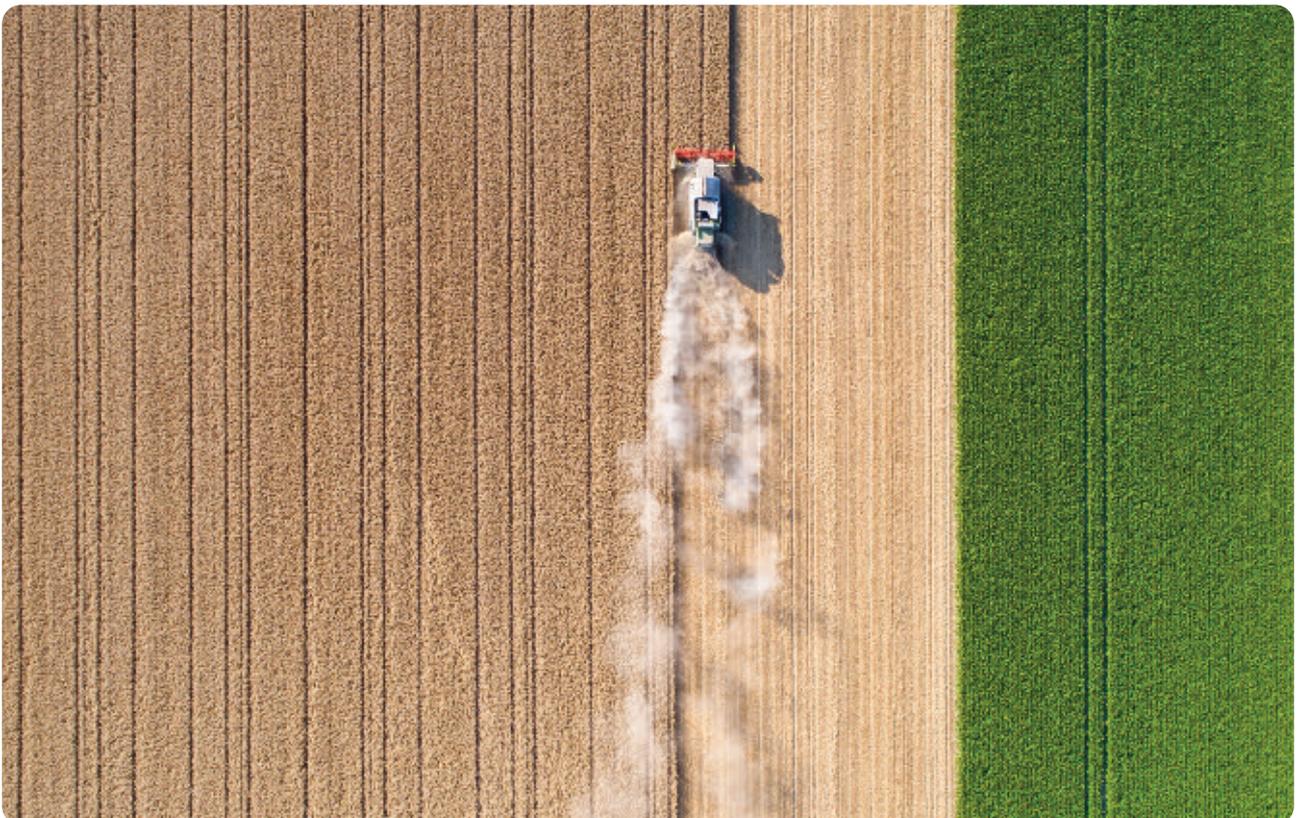
**64%**  
Being responsive to market shifts

**50%**  
Increasing regulations

**48%**  
Rising production input costs

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India - 2025





# Key industry insights

## Chemicals

A growing reliance on B2B trade credit is evident in the chemicals industry, highlighted by 52% of B2B transactions being conducted on credit. Most companies are relaxing their payment terms which now average close to 60 days from invoicing. Deteriorating payment behaviour among B2B customers means more than 70% of B2B invoices are now overdue, and settlements typically arrive more than a month past due. These delays are primarily driven by customer-side liquidity constraints and payment process inefficiencies. Despite these challenges, bad debts are relatively stable at an average 5% of B2B invoices, suggesting some containment of risk.

DSO is broadly stable thanks to companies intensifying their collections efforts. Nevertheless, inventory build-ups are common, tying up working capital and prompting many firms to delay supplier payments to preserve liquidity. Bank credit is the dominant trade finance tool, although invoice financing is also widely used. Most businesses mitigate customer payment risk with a combination of internal provisioning and outsourced solutions, particularly receivables insurance, which is valued for its protective buffer. 84% of firms anticipate rising B2B insolvencies, and cautious optimism about sales contrasts with concern about profitability. Top concerns looking ahead are regulatory burdens, geopolitical uncertainty, and volatile market conditions.

### India - Chemicals

Top 5 challenges companies face when offering credit to B2B customers

(% of respondents - multiple response)

Balancing customer terms with financial stability

41%

Managing the effects of fluctuating financing costs

38%

Maintaining customer relationships

36%

Cash flow disruptions

31%

Overdue invoices and write-offs

31%

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India – 2025



# India - Chemicals

## Key industry figures

Main sources of financing used by the industry over the past 12 months

(% of industry respondents)

71%

Bank loans

59%

Invoice financing

53%

Trade credit

40%

Internal funds

Expected change in insolvency risk of B2B customers over the next 12 months

(% of industry respondents)

84%

Increase

15%

Remains as current

1%

Do not know

Top 3 challenges businesses in the industry expect to face over the next 12 months

(% of industry respondents - multiple response)

55%

Being responsive to market shifts

51%

Ongoing geopolitical developments

50%

Stricter regulation landscape

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India - 2025





# Key industry insights

## Textile and clothing

53% of B2B sales in the textile and clothing sector are now transacted on credit, a clear indicator of more relaxed trade credit policies aimed at supporting customer relationships and driving demand. Many companies are expanding credit offerings, underpinned by a more lenient approach to payment terms, which now average 47 days from invoicing. However, there is worsening B2B payment behaviour. Overdue invoices currently account for 56% of B2B transactions, with liquidity constraints and internal payment delays the main causes. A significant surge in bad debts leaves companies facing write-offs as high as 10%, posing real threats to financial health.

Companies are tightening credit collection strategies to manage DSO fluctuations more effectively and ramping up inventory controls to release tied-up working capital. Many firms are also delaying supplier payments to manage liquidity. Bank credit remains the preferred trade finance tool, complemented by invoice financing and internal reserves. When mitigating payment risk the majority of businesses rely on both internal provisioning and outsourced credit insurance. Sentiment is mixed about the outlook for B2B insolvencies, while cautious optimism surrounds sales. However, ongoing market volatility, geopolitical instability, and rising compliance costs could place further pressure on liquidity and profitability in the months ahead.

### India - Textile and clothing

Top 5 challenges companies face when offering credit to B2B customers

(% of respondents - multiple response)

Late payments and bad debts

42%

Maintaining customer relationships

40%

Handling economic shifts impacting customer payment

38%

Assessing customer creditworthiness

36%

Managing shifting B2B payment behaviour

35%

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India - 2025



# India - Textile and clothing

## Key industry figures

Main sources of financing used by the industry over the past 12 months

(% of industry respondents)

75%

Bank loans

67%

Internal funds

66%

Invoice financing

65%

Trade credit

Expected change in insolvency risk of B2B customers over the next 12 months

(% of industry respondents)

50%

Increase

48%

Remains as current

2%

Do not know

Top 3 challenges businesses in the industry expect to face over the next 12 months

(% of industry respondents - multiple response)

52%

Being responsive to market shifts

50%

Stricter regulation landscape

48%

Ongoing geopolitical developments

Sample: all survey respondents

Source: Atradius Payment Practices Barometer India - 2025





# Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer.

## Sample overview – Total interviews = 300

Business sector	Interviews	%
Manufacturing	159	53
Wholesale trade	56	19
Retail trade/Distribution	69	23
Services	16	5
<b>TOTAL</b>	<b>300</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	51	17
SME: Medium enterprises	89	30
Medium Large enterprises	105	35
Large enterprises	55	18
<b>TOTAL</b>	<b>300</b>	<b>100</b>
Agri-food	100	33.3
Chemicals	100	33.3
Textile and clothing	100	33.3
<b>TOTAL</b>	<b>300</b>	<b>100</b>

## Survey scope

- Basic population: Companies from India were surveyed and the appropriate contacts for accounts receivable management were interviewed.
- Sample design: The Strategic Sampling Plan enabled us to perform an analysis of country data crossed by sector and company size.
- Selection process: Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- Sample: N=300 people were interviewed in total. A quota was maintained according to four classes of company size.
- Interview: Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration.
- The survey was conducted during the second half of Q2 2025. Findings should therefore be viewed with this in mind.

This is part of the 2025 edition of the Atradius Payment Practices Barometer available at

<https://group.atradius.com/knowledge-and-research>



# Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by customers.

To find out more about B2B receivables collection practices in India and worldwide, please visit [atradiuscollections.com](http://atradiuscollections.com).

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