PRESS RELEASE

Coface APAC Payment Survey 2026: India's growth story faces a payment risk reality check

- **64% of Indian firms experienced at least one customer default in the past 12 months**, compared with 45% across APAC.
- **94% reported late payments from customers**, exceeding the APAC average of 91%.
- **Payment discipline is deteriorating**, with around half of firms reporting worsening payment delays in both frequency and severity over the past year.
- **58% expect payment conditions to deteriorate** over the next 12 months, compared with 48% across APAC.
- **ICT, retail and automotive firms are the most pessimistic** about the outlook for payment conditions.

Japan, October 7th, 2026 – Customer defaults are becoming an increasingly important challenge for Indian businesses, despite the country's continued economic expansion. According to Coface's APAC Payment Survey 2026, nearly two-thirds (64%) of Indian firms experienced at least one customer default during the past 12 months, significantly above the Asia Pacific average of 45%.

Late payments remain widespread across the economy. Some 94% of Indian firms reported that customers paid later than the agreed payment terms during the past 12 months, compared with 91% across APAC. Construction and real estate, pharmaceuticals, and transportation and logistics recorded the highest incidence of late payments, with all surveyed respondents in these sectors affected.

Indian firms typically offer customers 66 days of payment terms on average. However, payment practices differ significantly by company size. Firms with annual revenue below US$5 million offer an average of 43 days, while larger organisations commonly extend payment terms of between two and three months. Retail, metals production and trading, and energy sectors offer the longest payment terms, typically exceeding 70 days.

More concerningly, payment discipline appears to be deteriorating. Around half of respondents reported worsening payment delays, both in frequency and severity, compared with a year earlier. The sharpest increase in the frequency of late

payments was reported by retail (63%), energy (61%), textiles (58%), ICT (57%) and automotive (57%) firms.

Strong growth has not eliminated payment risk

India remains one of the fastest-growing major economies globally, supported by domestic demand and significant infrastructure investment. But strong economic activity has not insulated companies from payment risk, with customer financial health and creditworthiness remaining the leading factor contributing to late payments (21.4% of responses), ahead of relationship considerations and macroeconomic conditions.

"India's economic momentum is creating opportunities, but it is also masking pockets of financial stress across supply chains." said **Bernard Aw, Chief Economist for Asia Pacific at Coface**. *"Liquidity pressures and customer financial health continue to influence payment behaviour, resulting in a higher incidence of defaults and a deterioration in payment performance for many suppliers*."

Customer defaults increasingly weigh on receivables

The incidence of customer defaults in India is among the highest recorded in the survey. Metals production and trading (74%) and construction and real estate (70%) reported the highest occurrence of customer defaults.

The impact extends beyond the occurrence of defaults themselves. Among Indian firms that experienced customer defaults, 36% reported default-related losses exceeding 10% of total receivables, significantly above the APAC average of 28%.

This suggests that customer defaults are not only more common in India than across the wider region but can also have a significant impact on working capital and cash flow.

Relationship-led decision-making may delay risk recognition

Customer relationships continue to play a central role in payment risk management in India. Almost all respondents (98%) said long-standing relationships influence their tolerance of late payments, compared with 72% across APAC. Nearly nine in ten organisations (88%) said relationship considerations can sometimes outweigh financial warning signs.

Repeated payment delays are most commonly treated as commercial or relationship matters rather than immediate financial risk concerns. Only 10% of organisations said they immediately classify repeated 30-day payment delays as a financial risk issue.

The findings suggest that while strong customer relationships remain an important aspect of doing business in India, businesses may benefit from

complementing relationship-based judgement with objective financial information and earlier warning indicators.

"Strong commercial relationships remain essential to business success in India. However, organisations should also ensure that decisions are supported by timely financial information, monitoring of payment behaviour trends and clear escalation processes," said **Jay Malia, Country Manager of Coface India**. *"Early identification of payment stress can help businesses protect cash flow and reduce the risk of payment delays escalating into defaults."*

Businesses prepare for more difficult payment conditions

Indian businesses remain cautious about the outlook. More than 60% of respondents believe payment risk is increasing across their customer base due to broader economic conditions. Consequently, 58% expect payment conditions to deteriorate over the next 12 months, compared with 48% across APAC.

The most pessimistic sectors are ICT (67%), retail (66%) and automotive (65%).

Respondents also expect longer credit cycles. Four in ten organisations expect payment terms to lengthen over the next 12 months, substantially above the APAC average of 25%. At the same time, around seven in ten firms reported increased monitoring activity across analytics, escalation and internal review processes during the past year, reflecting a growing focus on payment-risk management.

For Indian businesses, the findings highlight the importance of combining relationship knowledge with robust credit assessment, monitoring payment behaviour more closely, and identifying warning signals before payment delays turn into significant credit losses.

ABOUT COFACE APAC PAYMENT SURVEY 2026

The 16th edition of the Coface APAC Payment Survey, conducted in March and April 2026, gathered insights from 2,800 finance professionals across multiple sectors and 10 APAC markets, including 511 respondents in India. The survey examines evolving payment behaviours, liquidity pressures, customer defaults and early warning indicators, while evaluating the governance, analytics, escalation frameworks and customer-engagement practices that strengthen organisational resilience to payment risk.

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