

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 2889
TO BE ANSWERED ON 05.08.2021

Timely Payment of Dues

2889. SHRIMATI KANIMOZHI KARUNANIDHI:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has taken any steps to ensure that timely payment of dues to the MSMEs from the Government departments and the Central Public Sector Undertakings, if so, the details thereof; and
- (b) whether the Government has formed any institutional mechanisms to deal with disputes arising out of the pending dues to the MSMEs from the Government sector, if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NARAYAN RANE)

(a): Yes, Sir, Some of the steps taken by the Government to pay the pending dues to MSMEs are as follows:-

- Under the provisions of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, Micro & Small Enterprises Facilitation Councils (MSEFCs) have been set up in the States/UTs to deal with cases of delayed payments of the Micro and Small Enterprises (MSEs). Ministry of MSME has launched SAMADHAAN Portal on 30.10.2017 (<http://samadhaan.msme.gov.in/MyMSME/MSEFC/MSEFCWelcomer.aspx>.) for monitoring of the outstanding dues to the MSEs from the buyers of goods and services.
- If a buyer fails to make payment to MSE supplier, there is a provision to pay compound interest on the due amount at three times of the bank rate notified by the Reserve Bank of India as per section 16 of the MSMED Act, 2006.
- A special sub-portal within SAMADHAAN portal (<https://samadhaan.msme.gov.in/>) was launched on 14.06.2020. An online reporting system was developed for reporting the dues and monthly payments by Ministries of Government of India and CPSEs to the MSMEs.

- Government of India has also instructed CPSEs and all companies with the turnover of Rs. 500 Crore or more to get themselves on-boarded on the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating the discounting of trade receivables of MSMEs through multiple financiers.
- Companies which get supplies of goods or services from Micro & Small Enterprises and whose payment to Micro and Small Enterprises exceeds 45 days from the date of acceptance or the date of deemed acceptance of the goods or services, also need to submit a half yearly return to the Ministry of Corporate Affairs stating the amount of payments due and the reasons of the delay.

(b): Yes, Sir. The details are :

- MSEFCs have been set up in all States/ UTs to resolve the delayed payments cases by way of conciliation and / or arbitration as per the provisions of the Micro, Small & Medium Enterprises Development Act, 2006.
- Sub section (3) of Section 18 of the Micro, Small and Medium Enterprises Development Act, 2006 provides for MSEFCs to take up the references for arbitration in the case of delay in payment to micro or small enterprises from their buyers. Also the MSEFCs may refer the same to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 shall then apply to the dispute, as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act.
