

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 5464
TO BE ANSWERED ON 03.04.2025

DIFFICULTIES FACED BY MSMEs

5464. SMT. KANIMOZHI KARUNANIDHI:

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

- (a) whether the Government is aware of the issues faced by micro, small and medium enterprises due to the 45 days payment clause introduced through Section 43B(h) of the Income Tax Act and if so, the details thereof;
- (b) whether the Government is planning to remove or relax the provisions of the clause considering the demand of the Micro, Small and Medium Enterprises (MSMEs) associations for enabling a better business environment for the MSMEs; and
- (c) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a) to (c): To ensure timely payments to Micro, Small and Medium Enterprises (MSMEs) vide Finance Act 2023, clause (h) was inserted in Section 43B of the Income-tax Act 1961. The clause provides that any sum payable by the assessee to a Micro and Small Enterprise (MSE) beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006, which cannot be more than 45 days, shall be allowed as a deduction only on actual payment.

A number of stakeholders, including MSME associations have endorsed the intervention introduced to ensure timely payments as being beneficial to the Micro and Small Enterprises, which were grappling with the issue of delayed payments, cash flow and the risk of business getting closed due to financial constraints.
