

**OFFICE OF THE DEVELOPMENT COMMISSIONER
MICRO, SMALL AND MEDIUM ENTERPRISES
MSME POLICY DIVISION**

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FAQs on issues related to Delayed payments to MSEs

Q.1. What is appointed day?

Ans. Appointed day is the day after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services, by a buyer, from a supplier.

Q.2. Date from which interest on delayed payment is payable?

Ans.

- (i) Where there is no agreement – from the appointed day;
- (ii) Where the date agreed upon is 45 days or less than 45 days – from the date as agreed upon in writing;
- (iii) Where the date agreed upon is more than 45 days – 45 days from the date of acceptance;

Q.3. Rate at which interest is payable?

Ans. The buyer is liable to pay interest on delayed Payment (Principal amount) at a rate three times of the bank rate notified by RBI, compounded with monthly rest. MSEFC should not award any interest rate other than this.

Q.4. What is the time limit for the MSEFC to decide the case?

Ans. 90 days from the date of making such reference to MSEFC.

Q.5. What is the status of cases of delayed payment which took place prior to promulgation of MSMED Act, 2006?

Ans. Prior to promulgation of MSMED Act, 2006, the issues related to delayed payments to SSI were dealt in the then “The Interest on Delayed Payment to Small Scale and Ancillary Industrial Undertakings Act, 1993 (as amended in 1998)”. However, any action taken under the Act of 1993 shall be deemed to have been done under the corresponding provisions of MSMED Act, 2006. Thus, if any case was pending in Industrial Facilitation Council prior to 2 October, 2006, the same may continue in the Micro & Small Enterprises Facilitation Council, which has been constituted after the implementation of MSMED Act, 2006.

Q.6. What is pre-requisite to file a complaint in MSEFC of any state/UT?

Ans. The supplier unit (MSE) must have filed an Entrepreneurs Memorandum (EM) Part-II with the DIC of the concerned state/UT where the unit is located.

Q.7. What is the tenure of MSEFC?

Ans. MSEFC should be reconstituted as soon as the term of the previous one expires and a notification in this regard should be issued by the state Govt./ UT administration. Copy of this notification should be forwarded to Policy Division of Office of the DC(MSME)

Q.8. What the MSEFC should do just after receiving the petition from the supplier?

Ans. Just after receipt of the petition of the supplier, the MSEFC should initiate the process to conduct the conciliation either itself or through the assistance of any institution or centre, in accordance with the provision provided in sub-section (2) of section 18 of the MSMED Act, 2006.

Q.9. What after conciliation?

Ans. Where the process of conciliation initiated as above is not successful, the Council either itself takes up the arbitration or may refer it to an institution providing alternate dispute resolution services for such arbitration.

Q.10. What is the jurisdiction of MSEFC?

Ans. The MSEFC has the Jurisdiction to act as an arbitrator or conciliator in a dispute between the supplier located within the jurisdiction of MSEFC which is normally the State or UT and the buyer located anywhere in India.

Q.11. Constitution/Reconstitution of MSEFC?

Ans. A copy of the notification related to Constitution/Reconstitution of MSEFC should be sent to MSME Policy Division, Office of Development Commissioner (MSME) 7th Floor, A Wing, Nirman Bhavan, New Delhi-110011.

Q.12. Quarterly Reports relating to settlement?

Ans. The report relating to settlement of cases filed before MSEFC and status of implementation of awards passed by MSEFC, in prescribed format, should be forwarded to MSME Policy Division, Office of Development Commissioner (MSME) 7th Floor, A Wing, Nirman Bhavan, New Delhi - 110011 with the endorsement to Director, MSMEDI of the State concerned.

Q.13. Award within 90 days?

Ans. The details of those awards which have exceeded the time limit of 90 days from the date of application along with reasons for the pendency should be placed at the website of the Directorate of Industries dealing with MSEs in the State/UT.

Q.14. Annual Statement of Accounts of the Companies?

Ans. While auditing the Annual Statement of Accounts of the Companies, the statutory auditors, must specifically point out in their report, about the dues and its duration, in respect of suppliers of MSE status.

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