

MSME sector has vast potential to transform the business landscape of India

In recent times, MSMEs all over the country and across all sectors are trying to find practical solutions to the problems relating to delayed payments by the buyers and at the same time maintain harmonious relations with their clients to ensure continuous business. With a view to address this issue, WTC Jaipur and MSME DI organized a webinar “SAMADHAAN for delayed payment of MSME” on The webinar was held on June 4,2020

Mr. Vijay Kalantri, Chairman, World Trade Center Jaipur, in his welcome address mentioned that the Indian MSME sector accounts for a significant share of the Indian manufacturing output and contributes significantly to the country’s exports. The sector, clearly, has vast potential to transform the business landscape of India. Mr. Kalantri also mentioned that the MSME sector, which employs millions of people, is taking major strides to stay competitive and making the most of the opportunities to ensure steady and effective contribution to the growth of the country's economy. He stated that to survive in the competitive landscape, it is crucial for Indian MSMEs to adopt innovative approaches to their operations. While it is important to get timely credit from financial institutions and banks for MSMEs to expand their frontiers and be sustainable, they also have to efficiently find ways to tackle challenges of delayed payments from large enterprises and buyers of their services.



Mr. V.K. Sharma, Director MSME- DI, Jaipur, Ministry of MSME, Government of India, in his keynote address informed that the Ministry of MSME has started online applications where the supplier MSE unit can submit complaints against the buyer of goods/services before the concerned Micro and Small Enterprise Facilitation Council (MSEFC) of his/her State/UT. These applications will not only be viewed by MSEFC for necessary action, but also be visible to concerned central ministries, departments, CPSEs, state governments, etc for their pro-active action. Mr. Sharma also mentioned that the Micro, Small and Medium Enterprise Development (MSMED) Act,

2006 contains provisions for addressing delayed payment to Micro and Small Enterprises (MSEs), and any micro or small enterprise possessing a valid Udyog Aadhar (UA) can apply and benefit from this scheme.

Mr. Y.N. Mathur, Joint Director, Nodal officer, MSEFC, O/o Commissioner (Industries), Government of Rajasthan while explaining in detail the various provisions of the MSMED Act mentioned that if the buyer is unable to make payments to the supplier for his goods or services within 45 days of the acceptance of the goods/service, he is liable to pay to the supplier a compound interest which is three times of the bank rate notified by RBI along with the monthly interest on the principle amount. He also highlighted that every reference made to MSEFC shall be decided within a period of ninety days from the date of making such a reference as per provisions laid in the Act.

Mr. Hari Babu Sharma, Registered Practitioner- Insolvency and Bankruptcy Code 2016 announced that both State and Central Governments have declared multiple schemes to promote the growth of MSMEs such as PMEGP, MUDRA Yojana, MSME59, MSME Samadhaan and TReDS portals and urged the MSMEs to take maximum benefit from the same. He also informed that to make the provisions

enforceable, law has mandated strong disclosure requirements in the books of accounts on part of the buyer.

Further, Mr. Sharma stressed on a very important aspect of trade documentation and said that one must constantly communicate and keep in touch with customers and send gentle reminders regarding payments closer to the due date. This practice will help the customers remember the designated time frame for making payments. In certain extreme cases where payments are delayed, one can hire a debt collector to efficiently communicate on behalf of the seller. In today's times, this is a normal practice and does not in any way lead to the extinction of the relationship between buyer and seller. Mr. Sharma also emphasized that contents on the invoice should be clear and easy to understand, for eg. Contact details should be legitimate, it should be addressed in the right person's name and most important is that all payment related information, such as invoice number, client reference number, cost breakdowns etc., needs to be very accurate.

The webinar was attended by over 80 participants.

Vote of thanks was proposed by Mr. Pradeep Ojha, Dy. Director, MSME – DI Jaipur.

The webinar was held on June 4, 2020