

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 1225
TO BE ANSWERED ON 31.07.2023

ONLINE DISPUTE RESOLUTION (ODR) FOR MSME

1225. SMT. PHULO DEVI NETAM:

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

- (a) the steps taken by Government to prevent delay in payments to MSMEs and support extended to MSMEs in receiving timely payments and details thereof;
- (b) whether Government is planning to integrate Online Dispute Resolution (ODR) into the MSME Samadhan portal to enable MSMEs to resolve disputes for delayed payments through ODR; and
- (c) whether MSME Facilitation Councils are permitted to use the services of ODR service providers to resolve the disputes of MSMEs in an efficient and expeditious manner, if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a): The steps taken by Government to prevent delay in payments to Micro, Small and Medium Enterprises (MSMEs) and support extended to MSEs in receiving timely payments 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 the cases of delayed payments of the Micro and Small Enterprises (MSEs).
- Ministry of MSME launched a portal viz. Samadhaan Portal (https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_Welcome.aspx) for filing of grievances & for monitoring of the outstanding dues to the MSEs from the buyers of goods and services on 30.10.2017.
- The Ministry of MSME has requested States/UTs to set up more number of MSEFCs for quicker disposal of cases related to delayed payments. So far 152 MSEFCs have been set up with more than one MSEFC set up in States like Delhi, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, U.P. & West Bengal.
- The Ministry of MSME created a special sub-portal within Samadhaan Portal on 14.06.2020, after the AatmaNirbhar Bharat announcements, for reporting the dues and monthly payments by Central Ministries/Department/Public Sector Enterprises to 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.
- Budget 2023 announcement: Under Section 43B of Income Tax Act: Deduction has been allowed for expenditure incurred on payments only when payment is actually made to MSMEs.

(b): The Ministry of MSME implements the World Bank supported Central Sector Scheme “Raising and Accelerating MSME Performance” (RAMP). One of the Disbursement Linked Indicators under RAMP is to reduce the incidence of delayed payments to MSMEs, which inter alia entails linking of Samadhaan Portal and Online Dispute Resolution Platform.

(c): Under Section (18), Chapter V of the MSMED Act, 2006, the Micro and Small Enterprises Facilitation Council shall either itself conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institution or centre, for conducting conciliation and, the provisions of sections 65 to 81 of the Arbitration and Conciliation Act, 1996 shall apply to such a dispute as if the conciliation was initiated under Part III of that Act.
