

Dues of MSMEs: After PSUs, Govt takes up matter with private corporates also

By TIOL News Service

NEW DELHI, SEPT 14, 2020: In another major step towards payment of MSME dues by different sectors, Union Ministry of Micro, Small and Medium Enterprises (MSMEs) has now impressed upon the private sector enterprises of the country to take measures for release of payment of MSME dues on priority.

During the announcement of AatmNirbhar Package, it was desired that the MSME receivables and dues should be paid in 45 days. Accordingly Ministry of MSME took up the matter aggressively with Central Ministries, their Departments and Central Public Sector Enterprises (CPSEs). In addition to writing and following up with them, Ministry has also devised an online system for reporting. Hundreds of CPSEs have been reporting on this system about the monthly dues and payments since last four months. Around Rs. 10000 crores have been reported to have been paid by the Ministries and CPSEs. Similarly, Ministry has also taken up the issue with States and motivated them to monitor and see that such payments are made expeditiously.

Taking the efforts now further deeper, Ministry has directly taken up the issue with top 500 corporates groups of the country. Ministry has written e-letters to the owners, CMDs or top executives of these five hundred corporates. While conveying its support and solidarity in these difficult times, Ministry has strongly taken up the issue of pending payments of MSMEs. It has said that many of the MSMEs are doing business with big corporate groups. However, the payments are not coming from buyers and users of their goods and services. Ministry has added that Direct and indirect dependence of households, professionals and workers on MSME sector is all-pervasive. While thanking those who made payments in recent months, Ministry has said that a lot remains to be done. To tackle the situation, Ministry has given three specific suggestions to the corporate world.

Ministry has said that these payments are very important for MSME operations and sustenance of jobs and other economic activities at the grass-root level. This will ultimately benefit the entire economy including the corporate world. Ministry has therefore requested the corporates to examine whether any such payments are pending and to release the same at the earliest;

Towards another solution of the issue of cash flows of MSMEs, it has been emphasised that it was made mandatory by the Ministry of MSME in 2018, for all CPSEs and corporate entities with more than Rs. 500 Crore turnover to on-board on the TReDS platforms. However, many corporates are yet to join it or transact thereon. They have been requested to onboard their companies on the TReDS and start transacting;

Ministry has also reminded the corporates that it has been made mandatory for the corporate entities to file half-yearly returns with the Ministry of Corporate Affairs on their dues to MSMEs. Corporates have been requested to file returns if not doing so already.

While appealing to the Corporate India for their good gesture towards smaller units, Ministry of MSME has also reminded them of the legal provisions under the MSME Development Act, 2006 which mandate that the payment of MSME receivables are made within 45 days. Ministry has also said that this would be a great contribution for the economy of the Nation. Ministry also feels that these payments will bring smile on millions of faces whose only source of livelihood is the enterprises in the MSME sector.

Ministry of MSME has also indicated that going further, it will be taking up the matter with other corporates through social media outreach also.

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