

Govt writes to over 2800 corporates to clear MSME dues

By TIOL News Service:

NEW DELHI, OCT 19, 2020: BUILDING on excellent outcome of its efforts, the Union Ministry of Micro, Small and Medium Enterprises(MSME) has substantially widened its request to India Inc. for making payments to MSMEs against their dues of goods and services rendered. MSME Ministry has now written to top management of over 2800 corporates by name to make payment of pending dues of MSMEs in this month itself.

Last month, It may be noted, Ministry of MSME had written to Top 500 corporates of India about the pending payments of MSMEs. Ministry has said that very good response has been seen from the corporate India. Out of the last five months, the maximum payments to MSMEs have happened in the month of September, 2020. Not only that, in that timeframe, even the procurement and transaction appears to be maximum in the month of September. MSME Ministry has informed that more than Rs. 13400 crore have been paid by Central Public Sector Enterprises (CPSEs) alone in the last five months. Out of this, payments worth Rs. 3700 crore have happened in September only. Ministry has complimented the Corporate sector of the country for this.

On its part, Ministry of MSME has made relentless efforts including personal follow-up and digital intervention for the purpose of assisting MSMEs of the country to get release of their dues from various procurers.

In its latest communication to larger corporate community of the Nation, MSME Ministry while underscoring the importance of making such payments now, says that it will facilitate the small enterprises to avail the business opportunity in the coming festival season. Ministry says that if the cash flows of MSMEs improve, they can make use of the festival season when there is opportunity to earn by supplying goods and services. In fact, some of the MSMEs look for such a period for their sustenance of whole year. Thus, timely payment of their receivables at this time will not only support the MSMEs and their dependents in this festive season but will also sustain many of them for full year. Therefore, Ministry has requested the corporates to see and make payment as soon as possible, preferably in the present month.

In addition, Union MSME Ministry has also drawn attention of the Corporate India towards important administrative, legal and Fintech based provisions with regard to MSME payments. It says that:

â€¢ It is ideal that payments are made in stipulated time. However, to solve the cash flow problems of MSMEs in absence of that, a bill discounting mechanism has been started by RBI in the name of TReDS. It is mandatory for all CPSEs and the companies with turnover of more than Rs. 500 Crore to join this platform. However, many companies are yet to join it or transact on it. Corporates have been requested to check whether their group/company has joined the TReDS platform and is doing transactions;

â€¢ It also reminds the corporates of the legal provision under the MSME Development Act, 2006 which mandates to make the payment to MSMEs within 45 days. As per related regulations, the corporate entities are also supposed to file half-yearly returns with the Ministry of Corporate Affairs about the dues of MSMEs. In many cases, this too is not being done. Ministry has requested the corporates for their attention and needful action on this also.

While re-iterating that Government is very keen to see that payment of receivables to MSMEs is made on time, Ministry has drawn attention towards the announcement in this regard in AtmaNirbhar Bharat Package. Ministry also feels that a small gesture of payment to MSMEs during this period can go a long way and brighten lakhs of homes and crores of faces.