





Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019

Reference	Micro, Small and Medium Enterprises Development Act, 2006 (“ MSMED Act ”).
Context	Companies, who receive supplies of goods or services from micro and small enterprises (“ MSE ”) and whose payments to MSE suppliers exceed forty five days from the date of acceptance or the date of deemed acceptance of the goods or services (“ Specified Companies ”), to submit a half yearly return to the Ministry of Corporate Affairs stating, (a) the amount of payment due; and(b) the reasons of the delay.
Applicability and Effective Date	<p>Applicability: Specified Companies –Public, Private, Section 8 Company, Producer Company, etc.(<i>who receive supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days</i>)</p> <p>Companies whose outstanding payments to MSE suppliers do not exceed forty-five days from the date of acceptance or from the date of deemed acceptance, are not covered under this notification. The reporting requirement shall be attracted only when a company is a Specified Company and not otherwise.</p> <p>Effective Date: January 22, 2019.</p>
Implications	<p>All Specified Companies, who receive supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days to submit the following returns:</p> <ol style="list-style-type: none"> 1. <u>Initial return</u>: MSME Form I noting details of <i>all outstanding dues</i> to Micro or small enterprises suppliers <i>existing</i> on January 22, 2019including name of suppliers to be filed by February 21, 2019 (i.e. within thirty days from the date of publication of this notification). 2. <u>Regular half-yearly return</u>: A return as per MSME Form I to be filed by <i>31st October for the period from April to September</i> and by <i>30th April for the period from October to March</i> noting the amount of payment due and reasons for the delay. 3. Under section 405 of the Companies Act, 2013, for non-filing of the Form, and where information filed in the Form is incorrect or incomplete in any material respect, then such company will be liable to fine which may extend up to INR 25,000 and every officer who is in default, may be punishable with imprisonment for a term which may extend up to 6 months or with fine which will not be less than INR 25,000 but can extend up to INR 300,000, or with both fine and imprisonment. The said offence is not compoundable for officer in default. 4. The Explanation to section 2(b) of the MSMED Act— <ol style="list-style-type: none"> i. “the day of acceptance” means,— <ol style="list-style-type: none"> a) the day of the actual delivery of goods or the rendering of services; or b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;



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	<p>ii. “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;</p> <p>The table below explains the manner for ascertaining the criteria for being a Specified Company.</p> <p>“D-Day” means date of acceptance or the date of deemed acceptance.</p>								
	No objections raised		Objections raised (within 15 days of date of acceptance)						
	If there is an agreement	If there is no agreement	If there is an agreement		If there is no agreement				
			Objection resolved within period in the agreement	Objection resolved exceeding period in the agreement	On 2 nd day	On 10 th day	On 15 th day	On 20 th day	
					Objection resolved on 8 th day	Objection resolved on 25 th day	Objection resolved on 365 th day	Objection cannot be raised beyond 15 days	
Particulars of Notification	D-Day 	As per the agreement not exceeding 45 days	Day of the actual delivery of goods or the rendering of services	Date of resolving the objection	Date of resolving the objection	10 th day	35 th day	380 th day	Day of the actual delivery of goods or the rendering of services
	Categorised as Specified Company (if payment not made within 45 days of date of acceptance or the date of deemed  acceptance)	46 th day after the last date as per the agreement	46 th day of D-Day	46 th day of D-Day	46 th day after date of resolving the objection	56 th day of D-Day	81 st day of D-Day	426 th day of D-Day	46 th day of D-Day
Notification S.O. 368(E) dated January 22, 2019 enclosed.									