



# INDIAN INDUSTRIES ASSOCIATION

AN APEX BODY OF MICRO, SMALL & MEDIUM ENTERPRISES  
( IN THE SERVICE OF MSME SINCE 1985 )

Ref:5/Study/9876

11.02.2012

To,

All Hon'ble IIA Members

Madam/ Sir,

The MSMED Act 2006, envisages the constitution of **MSE Facilitation Councils** in every State of the country: As per the Act, *"The State Government shall, by notification, establish one or more Micro and Small Enterprises Facilitation Councils, at such places, exercising such jurisdiction and for such areas, as may be specified in the notification."* For your ready reference Section-15 of the MSMED Act 2006 which relates to the delayed payments of Micro and Small Enterprises is attached herewith.

The issue of Delayed Payment to the Micro & Small industries from their buyers is a serious concern today. To facilitate their delayed payments from the purchasers, MSE Facilitation Councils have been envisaged by the Act. But, there is no consolidated information available on as to how many states/UTs have complied with the provision. Second, the reliability and efficiency of these MSEFCs stand on a subdued footing and depend largely on the individual state Governments.

Therefore, an Investigative Research Study is being conducted by IIA on MSEFC functioning from the following angles to assess its impact on the sector:

- The no. of cases of Delayed payment registered with MSEFC .
- No. of cases declined by the MSEFC
- No. of cases awarded
- No. of cases settled through conciliation
- Value(in Rs.) of the Awards
- How far are the MSE Facilitation Councils effective in resolving the outstanding payment problems of Micro and Small Enterprises.
- What are the difficulties faced by the Micro and Small Enterprises in utilizing this forum

We are aware that Micro and Small Enterprises are invariably encountered with the delays in the payments of the supplies made by them to its customers and some time they feel helpless. In such situations, the MSE Facilitation Council could be helpful. However, it is noticed that very few Micro and Small Entrepreneurs are utilizing this forum. There must be valid reasons for this low utilization level. Through this study, IIA aims at bringing out the status on to the surface and submit its report / representation to the Govt of India for amicable solution.

We therefore request all the Hon'ble members to share their views, experiences and suggestions with the functioning and effectiveness of MSE Facilitation Councils in recovering the delayed payment and the accrued interest. We request all the Honorable Members to submit their views and suggestions latest by 20.02.2012

Thanking You,  
Sincerely Yours',  
**Pravin Singh,**  
**Project Co-ordinator,**



**Indian Industries Association**

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**THE MICRO, SMALL AND MEDIUM ENTERPRISES  
DEVELOPMENT ACT, 2006**

**No. 27 OF 2006**

SECTION15.	Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefore on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day: Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.	Liability of buyer to make payment.
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