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UPDATES



India–Denmark Strengthen MSME Cooperation

The 4th India–Denmark Joint Working Group meeting was held in Copenhagen from 24–28 August 2026 to strengthen cooperation in MSME development, innovation and intellectual property. Discussions focused on technology adoption, innovation, entrepreneurship, IP and cluster-based MSME development. The engagement also included visits to Aarhus University Innovation “Kitchen” and Agro Food Park and participation in the Nordic–India Startup Summit 2026. The meeting reaffirmed the shared commitment to innovation and IP-led growth of MSMEs and enhanced institutional cooperation.

Source: <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2305351®=3&lang=1>

PM Vishwakarma Completes Three Years

The PM Vishwakarma Scheme has achieved a major milestone with **30 lakh artisans registered** under the scheme. Launched in 2023 to support traditional artisans and craftspeople, the scheme provides skill training, modern toolkits, credit support and market linkages. So far, around **24.50 lakh artisans have received basic skill training**, while **6.18 lakh have received loans worth ₹5,297 crore**.

Source: <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2310751®=3&lang=1>

CGTMSE Guarantee Cover Launched on TReDS Platforms

The Ministry of MSME has introduced CGTMSE-backed credit guarantee cover on three TReDS platforms—M1xchange, RXIL and DTX (KredX)—to facilitate faster working capital access for eligible Micro and Small Enterprises (MSEs). The initiative enables digital, real-time invoice eligibility checks and guarantee applications, helping reduce financiers’ credit risk and address delayed payments.

Key Features:

- **Guarantee Cover:** 75% of the amount in default.
- **Maximum Exposure:** ₹10 crore for MSE buyers and ₹2 crore for MSE sellers, on a revolving basis.
- **Eligibility:** Both buyer and seller must be Micro or Small Enterprises.

Source: <http://pib.gov.in/PressReleaseDetail.aspx?PRID=2314945®=3&lang=1>

Ministry of MSME Commences Special Campaign 6.0 for Cleanliness and Disposal of Pending Matters

The Ministry of MSME commenced Special Campaign 6.0, being conducted from 2–31 October 2026, to promote cleanliness, effective e-waste management, space optimization and timely disposal of pending matters across its offices.

During November 2025 to September 2026, the Ministry disposed of 22,365 public grievances, 4,850 grievance appeals and 226 MP references, and freed approximately 1,167 sq. ft. of office space under the ongoing efforts following Special Campaign 5.0.

Source: <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2312958®=3&lang=1>



Rajasthan MSME Policy 2024

Why Rajasthan's Latest Policy Actually Matters for Entrepreneurs?

Let's be honest — a policy doesn't mean much if entrepreneurs can't use it. Every MSME represents someone taking a real chance: a young person jumping into business for the first time, a family upgrading their shop, or an artisan hoping to sell beyond their street. And more often than not, there's a struggle for funding, support, or simply a break.

It's easy to roll out a list of incentives on paper. What matters is whether any of it actually helps the person at the helm — whether it helps them start up, survive the trenches, and then grow.

Rajasthan's MSME Policy 2024, active until March 31, 2029, sets its sights on building enterprises that can stand global tests while remaining rooted at home. The state isn't just handing out money — it's going full circle. Finance, infrastructure, technology, training, quality control, fresh markets, real support — the policy takes aim at all of it.

The ambitions are bold. Rajasthan is home to over 27 lakh MSMEs employing more than half a crore people, and these businesses fuel roughly a quarter of the state's GDP. Between 2024 and 2029, the state aims to bring in 20,000 new MSMEs, attract ₹10,000 crore in investments, and create a lakh more jobs. For context: Rajasthan exported approximately ₹88,000 crore worth of goods in FY 2024–25. This isn't just about adding more businesses to the tally. It's about strengthening those already here — and helping them break past their local limits.

A State Where Every Kind of Business Exists

Rajasthan has a lot going for it: sheer geographic scale, a central location in

India, strong transport links, abundant natural resources — minerals, solar, wind — thriving

agriculture, and world-famous crafts. Each city has its own distinct character.

Jaipur leads in gems, IT, and textiles. Bhilwara is a textile powerhouse. Jodhpur is packed with handicrafts and agribusiness, while Alwar has emerged as an auto-component hub. Kota and Sikar are rising fast as entrepreneurial centers.

Given this diversity, a one-size-fits-all approach simply wouldn't work. Rajasthan's policy responds with cluster development, common facilities, technology upgrades, testing labs, improved market linkages, and targeted infrastructure investment.

The impact is tangible: a small factory owner who could never afford expensive lab tests now accesses them through a shared cluster facility. An artisan who once couldn't reach buyers beyond his town can now tap into a much larger market. The lesson is clear — it's not just what happens inside your workshop that counts. It's the web of support around your business.

Know Your MSME Status First

Before chasing subsidies or concessional loans, every entrepreneur needs to understand where their business fits. From April 1, 2025, the classification is as follows:

Category	Investment	Annual Turnover
Micro	Up to ₹2.5 crore	Up to ₹10 crore
Small	Up to ₹25 crore	Up to ₹100 crore
Medium	Up to ₹125 crore	Up to ₹500 crore

Both investment and turnover thresholds apply. Cross either limit and you move up a category. To step down, both figures must fall below the cut-off. This applies equally to manufacturing and services.

The practical implications are significant. A textile unit in Bhilwara with ₹12 crore in machinery and ₹55 crore in turnover, for instance, now qualifies as a Small Enterprise. Udyam registration isn't just a government formality — it determines your access to credit, programs, and procurement opportunities.

A Policy Built for Businesses — Not Just Cash Handouts

Rajasthan's MSME Policy 2024 is designed as a genuine "one-stop shop" — a complete toolkit rather than a collection of one-off benefits. It targets the real hurdles: starting up, cluster growth, technology upgrades, market linkages, infrastructure, quality certifications, and easier access to finance and credit.

Consider a food-processing startup. It may need equipment, working capital, *and* a quality certificate — plus a distribution channel to get products onto shelves. A textile exporter needs new technology, better systems, and overseas buyers. These needs are interconnected; the policy's real value lies in how its various levers work together.

Finance: Getting Businesses Off the Ground

Funding remains the single biggest obstacle for most MSMEs. Equipment costs money. Workers need to be paid on time. Cash flow tightens when customers delay payments.

Rajasthan's RIPS 2024 and the MSME package address this with a comprehensive set of incentives — SGST reimbursements, capital subsidies, interest support, tax relief, employment-linked rewards, cluster and green energy perks, export assistance, training support, and IP protection.

Under RIPS, for example, MSMEs receive 75% SGST reimbursement for ten years. Sector-specific support is equally generous: food processing units can claim a 50% capital subsidy on machinery, up to ₹1.5 crore. Women entrepreneurs, young founders, SC/ST entrepreneurs, persons with disabilities, and eligible FPOs receive an additional 5% over and

above standard benefits.

A woman-led food processing unit that invests ₹2.8 crore in new machinery, for instance, could receive ₹1.4 crore back as a direct subsidy — with further benefits available depending on eligibility. The key, however, is planning for these schemes *before* spending, not after. That's how entrepreneurs maximize the support available to them.

Credit: Because Profit Isn't Always Cash in Hand

A profitable business isn't always a liquid one. Real-world payment delays can squeeze even the healthiest MSMEs — and that's precisely where the policy's credit support becomes a lifeline.

Interest support covers up to 8% on loans up to ₹5 crore, stepping down for higher amounts, making borrowing meaningfully cheaper. The 2025 update raised the CGTMSE collateral-free loan cap from ₹5 crore to ₹10 crore — a significant shift for smaller enterprises. Rajasthan also covers 100% of annual CGTMSE fees for seven years.

The Mutual Credit Guarantee Scheme enables new projects to raise loans up to ₹100 crore, provided the majority is directed toward new plant and machinery. For the smallest units, the new "Micro Enterprise Credit Card" offers a revolving ₹5 lakh credit line for day-to-day operational needs.

Taken together, Rajasthan's MSMEs now have financing options for every stage — asset acquisition, working capital, and credit guarantees. The goal isn't simply to distribute funds; it's to ensure the *right* funds are available at the *right* time.

Inclusion: Opening the Door Wider

This policy doesn't leave behind those who have historically been overlooked. Women entrepreneurs, younger founders, SC/ST communities, persons with disabilities, and farmer producer organizations all have a seat at the table.

Not everyone starts with a strong network, collateral, or deep industry knowledge. Schemes like the **Dr. Bhimrao Ambedkar Rajasthan Dalit, Adivasi Udyam Protsahan Yojana (BRUPY)** specifically target SC/ST founders, covering margin money, interest support, and fees. Women receive all standard benefits alongside dedicated mentorship and district-level support.

Inclusion here isn't a slogan — it means actively helping more people start businesses and sustain them.

Leveling Up Old Skills with New Opportunities

Rajasthan's economy isn't defined by technology alone. Artisans are woven into its very fabric. The **PM Vishwakarma Scheme** now backs traditional craftspeople with modern tools, digital marketing assistance, and collateral-free loans.

An artisan who once sold only locally can now reach buyers across the country using digital catalogues. Cluster facilities provide shared tools, workshops, R&D support, and even showrooms. Technology isn't here to displace tradition — it's here to help those traditions survive and thrive.

Quality, Smarter Technology, and Going Green

Making more isn't enough. To compete nationally and globally, MSMEs need consistent quality, recognized certifications, legal compliance, and intellectual property protection.

Rajasthan reimburses 50% of costs — up to ₹3 lakh — for certifications and IP filings, covering ISO, BIS, FSSAI, ZED, patents, trademarks, and geographical indications. For businesses with ambitions beyond their local market, these accreditations are non-negotiable.

Going green unlocks additional benefits: half of spending on pollution control, energy audits, water management, and waste systems — up to ₹1 crore — can be reclaimed as

reimbursements. Sustainability isn't just an expense. It reduces costs, eases regulatory compliance, and makes businesses more attractive to environmentally conscious buyers.

The Real Test: Can You Sell?

Subsidies and loans are tools, not destinations. If you can't sell what you make, none of it holds.

Rajasthan has reserved government procurement of **96 items** exclusively for

MSMEs, ensuring they get a genuine shot at public contracts. Platforms like **EBazaar** and the **GeM portal** open up access to government spending at scale. This shifts the conversation for business owners — from chasing incentives to securing high-quality, recurring orders.

The state is equally focused on exports. District-level export councils, GI support, and programs like **Mission Nirvyat Bano** have already helped thousands of entrepreneurs obtain international trade certifications. The vision is straightforward: help MSMEs reach state markets first, then national, then global.

Digital Reforms: Making Life Easier

No entrepreneur should have to drown in paperwork. Rajasthan's digital push links Udyam, GeM, RajNivesh, and Samadhaan through a **Single Window Clearance System** — one login managing 135 services across 16 departments.

New MSMEs also benefit from a five-year ease window under **Raj Udyog Mitra**, which suspends routine state approvals and inspections unless genuinely necessary. Less red tape means more time and energy for what actually matters: building the business.

From Chasing Schemes to Strategic Growth

Business growth isn't about collecting bonuses. Schemes and benefits should be integrated into your core plan — not treated as a lucky afterthought.

A well-crafted project report doesn't merely list projected revenues and expenditures. It maps



every relevant scheme, anticipates investment timelines, leverages credit guarantees, and plans for certification, exports, and sustainability from day one.

The right question isn't *"How much subsidy can I claim?"* It's *"How do I build a business that lasts, scales, and competes?"* Good planning matters as much as good policy. A door may open — but you have to walk through it with a solid plan in hand.

The Policy Is Only Step One

Rajasthan's MSME Policy 2024 moves small and medium enterprises from the margins into the mainstream — with finance, credit, infrastructure, technology, skills development,

quality standards, procurement access, export pathways, digital tools, and green incentives all working in concert.

But a policy is only a launchpad. The real work belongs to entrepreneurs — those willing to take risks, build businesses, and see them through.

The true measure of this policy's success will be counted in ideas that become enterprises, enterprises that keep growing, jobs that are created, and markets cracked well beyond Rajasthan's borders. That's when the paperwork fades. That's when incentives become investments. That's when policy finally turns into genuine possibility.

By CA Shipra Roongta

MSME Delayed Payments: Legal Remedies and the Role of Chartered Accountants

A small manufacturer or service provider walks in, puts a file of invoices on the table and says, "They have not paid us for over a year. What can we do?" Very often, the file has already passed through the hands of the client's CA, who has been carrying the same receivable in the books quarter after quarter. This article is written for those CAs, because you are usually the first professional who can tell a client that a fast, low-cost remedy already exists in law and is going unused.

Why the MSME Act was brought in

The Micro, Small and Medium Enterprises Development Act, 2006 came into force on 2 October 2006. Its larger purpose was to promote and develop the sector, but anyone who works with small businesses knows what really keeps them awake at night: not lack of orders, but delayed payments. A small unit supplies goods to a bigger buyer, pays its own workers and vendors on time, and then waits months for its money. Ordinary civil suits take years, and a small enterprise rarely has the cash or patience for that.

The Act tackles this head-on in Sections 15 to 25. It fixes a statutory time limit for payment, imposes interest at a rate that actually hurts, and sends the dispute to a dedicated forum with a time-bound process. For the business community this is a real solution. It improves cash flow, lowers litigation cost and, frankly, makes large buyers think twice before treating small suppliers as free financing.

Who can claim the benefit

The protection is for the **supplier**, and only if the supplier is a **micro or small enterprise** that has filed a Udyam Registration (earlier, an

Entrepreneurs Memorandum under Section 8). A few points to keep in mind:

- Medium enterprises do not get the delayed payment remedy under Sections 15 to 24. This surprises many clients.
- Classification is based on investment in plant and machinery or equipment and annual turnover. From 1 April 2025 the limits stand at: micro up to ₹2.5 crore investment and ₹10 crore turnover; small up to ₹25 crore investment and ₹100 crore turnover; medium up to ₹125 crore and ₹500 crore.
- The Supreme Court has held, in *Gujarat State Civil Supplies Corporation Ltd. v. Mahakali Foods Pvt. Ltd.* (2022), that the supplier must be registered on the date it enters into the contract. Registration obtained later does not rescue earlier supplies.
- The Act covers supply of goods and rendering of services. The buyer can be any person, including a company, a government body or a PSU.
- Entities that are purely traders, with no manufacturing or service activity of their own, have been a grey area, and courts and Councils have taken different views. Please check the registered activity carefully before recommending a claim.

The legal framework in short

Section 15 (time for payment). The buyer must pay on or before the agreed date. If there is a written agreement, the credit period cannot exceed 45 days from the day of acceptance or deemed acceptance. If there is no agreement, payment is due within 15 days.

Section 16 (interest). On delay, the buyer must pay compound interest with monthly rests at three times the bank rate notified by the Reserve Bank of India. This cannot be waived by contract.

Section 17 (liability). The buyer is liable to pay the amount along with interest.

Section 18 (reference to the Council). Any party can make a reference to the Micro and Small Enterprises Facilitation Council (MSEFC). The Council first attempts conciliation. If that fails, it either arbitrates itself or refers the matter to an institution for arbitration, under the Arbitration and Conciliation Act, 1996. The Act expects the dispute to be decided within 90 days of the reference.

Section 19 (challenge). A buyer who wants to challenge the award must deposit 75% of the awarded amount with the court before the application is even entertained. This single provision discourages many buyers from fighting for the sake of delay.

Section 24 (overriding effect). Sections 15 to 23 override anything inconsistent in other laws. The Supreme Court has confirmed that the Council's jurisdiction is not defeated by an arbitration clause in the contract.

Procedure, step by step

1. **Collect the paper trail.** Purchase order or contract, invoices, delivery challans, transport receipts, e-way bills, and proof of delivery or acceptance.
2. **Check the Udyam certificate.** Confirm the date of registration, the category, and that the activity matches what was supplied.
3. **Send a demand notice.** A legal notice for the principal and statutory interest, with a clear reasonable time to pay. It is not mandatory under the Act, but it helps settle many cases and strengthens the file.
4. **File on the Samadhaan portal** or directly before the MSEFC with jurisdiction, with a statement of claim, the documents above and an interest working.

5. **Conciliation.** The Council calls both parties. A good number of disputes end here.

6. **Arbitration.** If conciliation fails, the Council or the institution it designates arbitrates and passes an award.

7. **Execution.** The award is enforceable as a decree of a civil court. A buyer's challenge needs the 75% pre-deposit.

Appointed day and interest: worked examples

The "appointed day" is the date from which interest starts running. Under Section 2(b), it is the day following the agreed credit period (maximum 45 days), or, if there is no agreement, the day following the expiry of 15 days from the day of acceptance or deemed acceptance. Deemed acceptance applies where the buyer does not raise a written objection within 15 days of delivery.

Example 1: no written agreement

- Goods delivered and accepted on 12 January 2026. No objection from the buyer.
- Fifteen days from acceptance end on 27 January 2026.
- Appointed day: **28 January 2026.**

Example 2: agreement says 60 days credit

- Goods accepted on 12 January 2026. The contract says 60 days, but the Act caps it at 45.
- Forty-five days from 12 January ends on 26 February 2026.
- Appointed day: **27 February 2026**, not 14 March.

Example 3: interest calculation

Take Example 1 with a principal of ₹5,00,000 and payment made six months after the appointed day. For illustration, assume a bank rate of 6.5% p.a. (please use the rate actually notified by the RBI for the relevant period).

- Interest rate: $3 \times 6.5\% = 19.5\%$ per annum, which is 1.625% per month.
- Compounded monthly for 6 months: $\text{₹}5,00,000 \times (1.01625)^6 = \text{₹}5,50,774$ approximately.
- Interest payable: about **₹50,774**.

The interest is on the principal outstanding. Practice varies on whether the GST portion of the invoice forms part of the principal, so it is wise to state your basis clearly in the claim. Where the bank rate changed during the delay period, compute each period at the rate then in force.

Points to remember before filing

- Confirm registration date versus contract date. This is the first thing the buyer's lawyer will check.
- Keep acceptance evidence. Signed challans, emails confirming receipt, and the absence of any written objection all matter.
- Mind limitation. The usual three years from the date the amount fell due applies, so do not let old receivables drift.
- File before the Council that has jurisdiction over the supplier's location.
- Avoid conflicting documents. A later "balance confirmation" or letter from the supplier agreeing to extended credit can be used against the claim.
- Present interest properly, with a date-wise working sheet. Councils appreciate clarity.

Mistakes that cost business owners their claim

1. **Registering after the supply.** Many owners take Udyam registration only after the dispute begins. Supplies made before registration generally fall outside the Act.
2. **Weak acceptance proof.** Goods go out on a phone call and a basic invoice, with no signed challan.
3. **Agreeing to long credit terms** such as 90 or 120 days in a purchase order, then

assuming the Act will still help for the full period. The cap is 45 days, but the paperwork becomes muddled.

4. **Ignoring buyer objections.** If the buyer writes about quality or short supply and the supplier never replies, the appointed day itself can be disputed.
5. **Waiting too long.** Limitation quietly kills perfectly good claims.
6. **Filing in the wrong place** or against the wrong legal entity, for example a sister concern that did not place the order.
7. **Mixing up classification.** Some firms have outgrown the category by the time of the claim, or are registered for an activity different from what they actually supplied.
8. **Accepting part payment letters** that say "full and final" without legal advice.

Why this matters for CAs

The Act is not only a litigation matter. Section 22 requires disclosure in the buyer's annual accounts of the principal and interest due to micro and small suppliers, and companies file the half-yearly MSME-1 return for payments pending beyond 45 days. Under Section 43B(h) of the Income-tax Act, amounts owed to micro and small enterprises beyond the permitted period are deductible only when actually paid. So buyer-side clients need your advice on compliance, and supplier-side clients need your push to recover. Both sets of clients end up at your desk.

A gentle suggestion: when you review the debtors ledger of a small client, mark every receivable that is more than 45 days old and ask one question, "Are you registered under Udyam, and since when?" That one question may save a business its working capital.

This article is for general information and does not replace advice on specific facts. Interest rates, thresholds and case law should be verified for the relevant period before filing.

By CA Gagan Bareja

The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026

The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026, was passed by the Parliament in August 2026. It updates the existing MSMED Act, 2006 to align its provisions with the requirements of the MSME sector. The amendments seek to reduce payment-related constraints, make dispute resolution more time-bound and simplify compliance. Their broader objective is to facilitate the growth, development and competitiveness of MSMEs while promoting Ease of Doing Business.

Legislative Status:

The Bill was introduced in Rajya Sabha on 28 July 2026, passed by Rajya Sabha on 3 August 2026 and passed by Lok Sabha on 7 August 2026. The Ministry of MSME/PIB confirms that Parliament passed the Bill. The material reviewed for this paper does not yet show Presidential assent or commencement notification.

Section-wise Comparative Analysis

Key areas of changes to the MEMED Act 2026 are highlighted below:

Section	Subject	MSMED Act 2006	MSMED (Amendment) Act 2026
Section 7	MSME Classification	MSMEs are classified on the basis of prescribed investment thresholds for: a) plant and machinery in manufacturing; and b) equipment in services.	MSMEs are classified on the basis of: a) investment in plant and machinery or equipment; and b) turnover .
Section 8	MMSME registration	Medium enterprises engaged in manufacturing are required to file a memorandum with specified authority. Filing of memorandum is voluntary for other MSMEs.	The Bill makes filing of the memorandum free and voluntary for all MSMEs . The Central Government shall notify a national platform for the purpose. State governments may also notify State digital platforms. State scheme benefits may be extended to MSMEs registered on the national and state-level platform.

Section	Subject	MSMED Act 2006	MSMED (Amendment) Act 2026
Insertion New Section 15A	Mandatory Settlement of Receivables through Trade Receivables Discounting System (TReDS) authorized by RBI	Addressed through introduction of a new provision in the Bill.	All Central Public Sector Enterprises (CPSEs) are mandatory required to settle invoices for goods and services procured from MSMEs through the TReDS platform authorised by RBI . This aims to address payment-related issues faced by MSMEs. States may mandate their Public Sector Enterprises (PSEs), authorities, or entities to use TReDS for invoice settlement.
Section 18	Mediation and Arbitration	The MSEFCs or referred mediation service providers are authorised to settle payment disputes by mediation. Where a mediation is not successful, the dispute may be referred for arbitration .	Central Government may establish an online mechanism for conducting online mediation or arbitration. Specific timelines have been introduced for mediation and arbitration: a) The MSEFC or mediation service provider must complete mediation within 90 days from the date fixed for the first appearance. b) If mediation is terminated, the MSEFC are required to refer the matter for arbitration within 30 days . c) The MSEFC or an institution or centre providing alternative dispute resolution services must make the arbitral award within 90 days from the completion of pleadings.
Insertion of New Section 18A	Recovery of Dues	Addressed through introduction of a new provision in the Bill.	Mediated settlement agreement or arbitral award can be recovered as ' arrears of land revenue '. This applies to agreements or awards made under Section 18 by the Facilitation Council, a mediation service provider or an alternative dispute resolution institution. Recovery may be undertaken through the District Collector, Deputy Commissioner or another notified authority . The notified authority must have jurisdiction over the location of the buyer's assets.

Section	Subject	MSMED Act 2006	MSMED (Amendment) Act 2026
Section 19	Dispute Resolution	Application to set aside a Council's order/ award may be filed in court after depositing 75% of the awarded amount.	The Bill also allows such applications. While the application is pending, the court may direct that a reasonable portion of the deposited amount be paid to the MSME supplier. Courts shall direct payment to MSE suppliers when an application to set aside a decree, award or order remains pending for more than six months. The payment must be at least 50% of the awarded amount.
Section 20	Micro and Small Enterprises Facilitation Councils (MSEFCs) Framework	State Governments may establish one or more MSE Facilitation Councils.	State Governments can establish multiple MSEFCs to enable faster resolution of payment-related disputes. They are also empowered to provide adequate infrastructure and resources , including physical infrastructure, digital systems and trained manpower, as may be necessary
Section 21	Composition of Micro and Small Enterprises Facilitation Council.	Composition and functioning governed by statutory/state rules.	The Micro and Small Enterprises Facilitation Council shall consist of not less than three but not more than five members. Each Micro and Small Enterprises Facilitation Council constituted by the State Government shall include the following members, namely:-- (a) an officer not below the rank of Joint Director as the Chairperson of the Micro and Small Enterprises Facilitation Council; and (b) one or more office-bearers or representatives of associations of micro or small industry or enterprises; and (c) at least one member from the field of law.

Section	Subject	MSMED Act 2006	MSMED (Amendment) Act 2026
Insertion New Section 22A	Reporting Compliance	No equivalent provision.	(1) Every Central Public Sector Enterprise or any other authority, body or entity, notified by the Central Government, shall disclose the details of invoices of micro, small and medium enterprises routed and settled through Trade Receivables Discounting System platform. (TReDS) (2) Every State Public Sector Enterprise or any other authority, body, or entity, notified by the State Government, shall disclose the details of invoices of micro, small and medium enterprises routed and settled through Trade Receivables Discounting System platform. (TReDS)
Section 27	Penalties for contravention of section 8 or section 22 or section 26	Wilfully providing false registration information attracts a fine of up to ₹1,000 for the first conviction and ₹1,000-₹10,000 for subsequent convictions. Failure to report unpaid dues to MSME suppliers in annual accounts attracts a fine of at least ₹10,000.	(1) Whoever wilfully furnishes false information in the memorandum of registration filed under section 8 or fails to comply with the provisions of sub-section (2) of section 26 shall be— (a) warned at the first instance of non-compliance; (b) liable to penalty which shall not be less than one thousand rupees but which may extend to fifty thousand rupees in case of second or subsequent instances of non-compliance. (2) Where a buyer contravenes the provisions of section 22, he shall be— (a) warned at the first instance of non-compliance; (b) liable to penalty which shall not be less than ten thousand rupees but which may extend to fifty thousand rupees in case of second contravention;

Section	Subject	MSMED Act 2006	MSMED (Amendment) Act 2026
			(c) punishable with fine which shall not be less than fifty thousand rupees but which may extend to one lakh rupees in case of third or subsequent contravention. (3) The penalties provided under this section shall be increased by ten per cent. of minimum amount of penalty provided therefor, after the expiry of every three years from the date of commencement of the Micro, Small and Medium Enterprises Development (Amendment) Act, 2026, as may be notified by the Central Government.
Insertion of New Section 27A	Adjudication of penalties	No equivalent dedicated provision.	Formal administrative adjudication replaces criminal-style enforcement for specified contraventions. Development Commissioner designated/ empowered as Adjudicating Officer; appeal mechanism provided to the prescribed appellate authority.
Section 29	Power to Make Rules by Central Government	Central Government make rules to carry out the provisions of this Act	Additional clauses added Detailed implementation will depend on Central Government rules. New Bill expands rule-making matters to include registration, TReDS routing, online mechanism under Section 18, invoice disclosures and adjudication/appeal procedures.
Section 30	Power to make Rules by State Government	State Government make rules to carry out the provisions of this Act	State-level rules/notifications will be important for operationalization. This Bill expands State rule-making matters, including registration, TReDS, Facilitation Council procedure and invoice disclosures.



DISCLAIMER:

This comparative analysis of the Micro, Small and Medium Enterprises Development Act, 2006 and the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026 has been prepared solely for academic, professional and general information purposes, based on the provisions of the MSMED Act, 2006, the 2026 Bill and information available in the public domain, particularly the official releases/information of the **Press Information Bureau (PIB), Government of India**, and the legislative research and analysis published by **PRS Legislative Research (PRS)**. While reasonable care has been taken to ensure accuracy, the comparative statements, explanations, reasoning and practical implications represent an independent analysis and should not be construed as the official interpretation or views of the Government of India, Ministry of MSME, PIB or PRS. The 2026 provisions should be read subject to the final enacted legislation, Presidential assent, commencement notification, rules, regulations, notifications and subsequent judicial or administrative interpretations, as applicable. Readers are advised to verify the original statutory provisions and latest official notifications before relying upon or acting on any information contained herein. This document is intended for reference and discussion only and does not constitute legal, tax, accounting, audit or any other professional advice.

By CA. R L Bajpai



1. What is the maximum paid-up capital generally prescribed for an SME listing?

- A. ₹10 Crore
- B. ₹25 Crore
- C. ₹50 Crore
- D. ₹100 Crore

2. Which financial institution is specifically associated with MSME development, as mentioned in the material?

- A. LIC
- B. SIDBI
- C. IRDAI
- D. NSE

3. Primary objective of the 'Zero Defect Zero Effect' (ZED) scheme?

- A. Quality manufacturing with minimal environmental impact
- B. Zero-interest loans
- C. Eliminate GST for MSMEs
- D. Zero taxation on exports

4. MSMEs contribute to approximately what percentage of India's exports?

- A. 25%
- B. 35%
- C. 49%
- D. 60%

5. MSME classification is based on which composite criteria?

- A. Investment and Number of Employees
- B. Investment and Annual Turnover

- C. Turnover and Number of Employees
- D. Location and Turnover

6. Apex refinancing agency for MSME financing in India?

- A. RBI
- B. SIDBI
- C. NABARD
- D. EXIM Bank

7. Registration under Udyam allows an enterprise to add:

- A. Only manufacturing activities
- B. Only service activities
- C. Both manufacturing and service activities
- D. None of the above

8. Approximately what percentage of India's GDP is contributed by the MSME sector?

- A. 15%
- B. 24%
- C. 31%
- D. 45%

9. Udyam Registration Number is:

- A. A permanent registration/identification number for MSMEs
- B. A tax filing number
- C. A GST registration number
- D. An export code

10. Which portal serves as a "one-stop grievance redressal" mechanism for delayed payments to MSEs?

- A. MSME Sambandh
- B. MSME Samadhaan
- C. GeM Portal
- D. TReDS

Answers: 1. b 2. c 3. d 4. a 5. a 6. a 7. b 8. b 9. b 10. b



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