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केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



No. CWC CO-FDOPAY/2/2020-FINANCE

16th June, 2023

Payment Section Circular # 3

Sub: Standard Operating Practice (SoP) for payments to Micro & Small enterprises as per timelines defined in Micro, Small and Medium Enterprises Development Act, 2006.

Ref: Taxation Circular No. 54 dated 16.03.2023 – Amendment to Section 43B with respect to payment to Micro or Small Enterprises to be allowed as deduction on actual payment only

1. The below mentioned guidelines are in supersession to letters dated 06.05.21, 18.06.21, 23.08.21, 07.12.21, 05.01.22 and 02.05.22 issued with respect to delay in payment to Micro and Small Enterprises after due date.
2. Micro, Small and Medium Enterprises Development Act, 2006 (MSME) casts a responsibility on the buyer of goods and services from MSE suppliers to make the payment in specified time.
3. Following are the provisions contained in chapter V of MSME Act, 2006 :

*15. Liability of buyer to make payment- 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.*

*16. Date from which and rate at which interest is payable- Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount **from the appointed day** or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.*

*Sub-section (2) (b) “Appointed day” means the day following immediately after the expiry of the period of **fifteen days** from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.*

Explanation.– For the purposes of this clause.-

- (i) “the day of acceptance’ means,-
(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 delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;**
- (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;

4. Therefore, based on the provision of Act as contained in serial no. (3) above, the payment due to Micro and Small Enterprise is determined as under:
(a) Firstly, the date as per contract/work order/ or agreed between CWC and the supplier of goods and services
(b) Secondly, in case there is no date agreed, the payment is to be made **within fifteen days** from the date of acceptance or deemed acceptance of goods and services.
(c) However, in no case the delay can exceed **45 days** from the date of acceptance or the day of deemed acceptance of goods and services.
5. To ensure the timely payment of Micro and Small Enterprises, an SoP has been prepared and is attached at annexure -I
6. Going by the SoP, bills of MSE vendors should not be kept pending for more than 7 working days with Corporation and responsibility needs to be fixed in case of non compliance of SoP.

Accordingly, all the Regional Managers and HoDs may issue further instructions to field units to adhere to the timeline scrupulously.

This issues with the approval of Managing Director.

(Amit Puri)
General Manager (F&A)

Distribution to:

1. All Regional Managers/ Accounts-in-charges of Regional Offices, CWC
2. All DGMs/AGMs/Managers/AMs in Finance, Accounts & Internal Audit Cadre at CWC, CO
3. All HoDs, CWC, C.O., New Delhi
4. Manager (Rajbhasha), CWC, CO, New Delhi, with a request to arrange Hindi version of this circular.
5. Supdt. (MIS), for placing the circular on CWC’s website.

Copy for kind information to:

1. Dir.(Pers.), CWC, CO, New Delhi.
2. Dir.(Fin.), CWC, CO, New Delhi
3. MD, CWC, CO, New Delhi.

General Manager (F&A)

ANNEXURE I**Standing Operating Procedure for Payment to Micro & Small Enterprises**

S no	Activity	Timeline	Responsible Division
1	Verification of MSE vendor: Whether the vendor is Micro, Small or Medium Enterprise, same can be verified at website https://udyamregistration.gov.in by entering 19 digit unique alpha-numeric “Udyam Aadhar Registration (UAN)” no.	At time of placing of work order on MSE Vendor	Operating Division
2	All the work orders issued to MSE vendors should invariably contain the date by which payment shall be made and this date cannot exceed 45 days from the day of acceptance or the day of deemed acceptance of goods and services.	At time of placing of work order on MSE Vendor.	Operating Division
3	Necessary changes have been made in Bill Tracking System(BTS) to capture the following: (a) Category of MSME vendor i.e. Micro, Small or Medium (b) 19 digit unique Udyam Aadhar Registration (UAN) No. (c) Date of acceptance of goods and services (d) Due date of payment as per contract The above shall be mandatory fields in BTS with respect to MSE vendors and the system shall not process the bill unless the above details are filled in. Further necessary changes are being made in party utility/Tally Accounting software to capture & flag the MSE category of vendors	At the time of receipt of Bill	Operating Division/MIS Division
4	Ensure that the MSME vendors submits the bills on time	Within 15 days from the day of acceptance or deemed acceptance of goods and services.	Operating Division
5	In case of deficiency in services or deficiency in bill, same should immediately return in BTS by duly	2 working days	Operating Division

	recording the reasons in writing (under remark column of BTS).		
6	After resolution of Sr, no 5 by the vendor, the bill is to be re-entered in BTS.	2 working day	Operating Division
7	After due financial concurrence, sanction order for payment is to be issued as per the process detailed in Payments Section Circular No 1 dt 12.08.2022. Sanction order should clearly indicate the verified UAN No of MSE supplier which shall again be re-verified by Finance Division at time of payment.	3 working days	Operating Division
8	Effect the payment into the MSE supplier Account.	2 working days after issuance of sanction order	Finance Division
9	Calculation of interest (if any) accrued to MSE vendor for the payment beyond the time defined in MSME Act	Interest to be accounted in Tally Accounting Code 41504 - Interest paid MSME vendor''	Finance Division
10	Fixation of Responsibility for delayed payment.	2 working days after making payment of interest to MSE vendor	Operating Division