



PHD House, 4th Floor, Ramakrishna Dalmia Wing
4/2, Siri Institutional Area, August Kranti Marg, New Delhi – 110016,
Tel# 9599665859 E-mail: ajafari@mait.com □ Website: http://www.mait.com

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March 16, 2023

Shri T V Somanathan, IAS
Secretary - Expenditure
Ministry of Finance

Subject: Request to update the payment procedures on Government eMarketplace (GeM) with a proposal to mitigate the issue of delayed payments

Respected Sir,

Greetings from MAIT!

MAIT would like to highlight that in a majority of India's MSMEs, delayed payments are a critical issue not only affecting MSME's growth but disrupting the supply chains and denting the economy. Payments being delayed and the associated uncertainty is the norm rather than an exception. The buyers realise goods and services, but routinely delay payments. Delayed payments not only affect individual MSMEs but also impacts the competitiveness of the economy as a whole.

The Ministry of MSME has already taken effective initiatives like the **MSME SAMADHAAN platform** to resolve the issues of delayed payments and **TReDS platform** for facilitating the financing/discounting of trade receivables. Despite such initiatives, the MSME sector still suffers from a financial deficit.

MAIT would like to take this opportunity to propose and request the Ministry of Finance, to intervene with the current ongoing monetary transaction system at the GeM portal with a system where the buyer is subjected to deposit 100% of the contract amount to the GeM and the payment to successful bidder/Vendor of the contract shall be disbursed by GeM only. MAIT also, proposes that 90% of the payment to the successful bidder shall be disbursed upon Consignee Receipt and Acceptance Certificate (CARC) in the GeM and the remaining amount shall be disbursed post verification, with a capping of a maximum of 10-15 days.

MAIT strongly believes that by implementing these measures, MSMEs can mitigate the risk of delayed payments and ensure a steady cash flow, which is critical for the growth and sustainability of their businesses.

MAIT requests the Ministry to consider our representation and accept the above-made suggestions to mitigate the delayed payment issues.

MAIT is confident that this step will go a long way in supporting the growth and development of the MSME sector in our country and helping achieve our PM's vision of "**Atmanirbharta**".

We are sanguine that our request will be answered in a positive manner.

Warm regards,

Col. AA Jafri, Retd.
Director General

CC: Dr. Rajneesh, DC, MSME
CC: Dr. Ishita Ganguly Tripathi, ADC, MSME
CC: Shri Kanwalpreet, Director, Public Procurement, DoE, MoF