

Eight Important Aspects to be considered for filing MSME-1 Mca form for the period April 2021 to September 2021

1. WHAT IS MSME :

In terms of Government of India **Gazette Notification S.O. 2119 (E) dated June 26, 2020** the definition of micro, small and medium enterprises is as under:

- (i) A micro enterprise is an enterprise where the investment in plant and machinery or equipment does not exceed ₹1 crore and turnover does not exceed ₹5 crore;
- (ii) A small enterprise is an enterprise where the investment in plant and machinery or equipment does not exceed ₹10 crore and turnover does not exceed ₹50 crore; and
- (iii) A medium enterprise is an enterprise where the investment in plant and machinery or equipment does not exceed ₹50 crore and turnover does not exceed ₹250 crore.

2. WHY FORM MSME-1

The introduction of MSME-1 is another initiative by the present government to strengthen the micro and small enterprises by prescribing a mandatory filing regime twice a year by their large customers.

The Order stated that, all companies who get supplies of goods/services from Enterprises and whose respective payments to such Enterprises exceed forty- five days from the date of acceptance or the date of deemed acceptance of such goods/ services (hereinafter referred to as “**Specified Companies**”), are required to submit a half yearly return to the MCA stating the amount of payment due and the reasons for the delay. The Order required all Specified Companies to furnish details of all such outstanding dues by filing MSME 1.

The term enterprises cover companies, partnership firm, Association of Person, Hindu Undivided Family, co-operative society, proprietorship firm etc.

It is to be noted that MSME FORM 1 is not applicable in the case of outstanding sums due to medium enterprises.

3. RBI REGULATION ON INTEREST PAYMENT TO MSME ENTERPRISES:

With the enactment of the Micro, Small and Medium Enterprises Development (MSMED), Act 2006, for the goods and services supplied by the MSME units, payments have to be made by the buyers as under:

(i) The buyer is to make payment on or before the date agreed on between him and the supplier in writing or, in case of no agreement, before the appointed day. The agreement between seller and buyer shall not exceed more than 45 days.

(ii) If the buyer fails to make payment of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank.

(iii) For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the interest as advised at (ii) above.

(iv) In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.

To take care of the payment obligations of large corporate borrowers to MSEs, banks have been advised that while sanctioning/renewing credit limits to their large corporate borrowers (i.e. borrowers enjoying working capital limits of ₹10 crore and above from the banking system), to fix separate sub-limits, within the overall limits, specifically for meeting payment obligations in respect of purchases from MSEs either on cash basis or on bill basis.

Banks were also advised to closely monitor the operations in the sub-limits, particularly with reference to their corporate borrowers' dues to MSE units by ascertaining periodically from their corporate borrowers, the extent of their dues to MSE suppliers and ensuring that the corporates pay off such dues before the 'appointed day' /agreed date by using the balance available in the sub-limit so created.

4. IMMEDIATE DUE DATE

The Last date of filing MSME-1 for the half year ended 30th September 2021 (April 2021- September 2021) is 31st October 2021 unless extended by MCA considering present prevailing situations. This is applicable to all specified companies.

5. PROCEDURE TO FILE MSME FORM

Some Important Points to be considered for filing the form:

The form captures the outstanding amount as on 30th September 2021 plus any payment made beyond 45 days. The invoice can belong to any period other than the corresponding above first half year 2021.

The total outstanding amount needs to be mentioned in the column no- 4(a) of the form. The outstanding amount includes principal and interest thereon as well.

In the column 4(b), the form focusses on the delayed amount information i.e. Payment due and above 45 days + Payment made after 45 days

(1) Details of the supplier to whom the amount is Outstanding as on 30th September 2021 and the due is more than 45 days and payment is not made.

(2) In case, any payment is made during this six-month period, first half year 2021 (i.e April 2020 – September 2021) and there is delay of more than 45 days.

The amount mentioned in col 4(a) may not tally with 4(b).

NIL returns are not required to be filed as the form MSME-1 will not capture “ZERO”

6. PENALTY

Penal provisions for non-filing /wrong information will be penalized under section 405 of the companies act 2013 and penalty under MSME act.

A failure to comply with the Order, shall attract a fine which is extendable to twenty-five thousand rupees. Further, any officer in default of the Specified Company shall be punishable with imprisonment which can extend to a period of six months or fine which can extend to three lakhs rupees, but not less than twenty-five thousand rupees or both.

7. SPECIMEN DECLARATION FORMAT FOR MSME AMOUNT CONFIRMATION

ABC COMPANY PRIVATE/ LIMITED,

Regd Address : XX XX XXX

Date XX/XX/2021

M/S XYZ (Proprietorship/ Partnership)

NDH

Delhi -1100XX

Sub: Request for confirmation for the applicability of the Micro, Small and Medium Enterprises Development Act.2006.

Dear Sir,

As you may be aware, the Government of India has enacted the Micro, Small and Medium Enterprises Development Act.2006 (the “Act”)

We request you to confirm whether your organization is registered under the Micro, Small and Medium Enterprises Development Act.2006. If your organization is registered under the Act, specify the category and please put a tick in the box [] against the appropriate clause mentioned below.

(A) Type of Organization

1. Micro Enterprises [] Registration No.:
.....

2. Small Enterprises [] Registration No.:
.....

3. Medium Enterprises [] Registration No.:
.....

(B) PAN Number:

(C) eMail ID:

(D) Mobile No:

Kindly enclose a copy of valid registration certificate and PAN and send to us at below mentioned Corporate office address or mail it within 7 days from the date of receipt of this letter so that we receive it by XX XX, 2021.

If you take registration under MSMED Act 2006 in future you shall inform to ABC Company Private/ Limited along with a copy of registration certificate within 2 days from the date of receipt of MSMED registration certificate.

Thanking You,

Yours faithfully

For ABC COMPANY PRIVATE/ LIMITED

Accounts Manager

Mail Id

Phone No. – xx xx xx xx xx

8. UPDATED MSME-1 FORM ON 12th OCTOBER 2021

Form for furnishing half yearly return with the registrar in respect of outstanding payments to Micro or Small Enterprise.

[Form MSME \[zip\]
\(602 KB\)](#)

[Form MSME \[zip\]
\(162 KB\)](#)

12-Oct-2021

Disclaimer

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