

MSME Samadhaan — Step-by-Step Filing Guide

How Karnataka MSMEs Can Recover Delayed Payments with Compound Interest

MSME Samadhaan is the statutory online portal for Udyam-registered MSMEs to file delayed payment complaints before the MSEFC (Micro and Small Enterprises Facilitation Council). Under Section 16 of the MSMED Act 2006, buyers who delay payment beyond 45 days are liable for compound interest at three times the RBI bank rate.

Legal Basis

- › **Section 15:** Buyers must pay within 45 days of acceptance (or agreed period if shorter)
- › **Section 16:** Delayed payments attract compound interest at 3× RBI bank rate, monthly compounding
- › **Section 18:** MSEFC has jurisdiction — conciliation first, arbitration if conciliation fails
- › **Section 19:** MSEFC awards are enforceable as decrees of civil courts

Current applicable interest rate: RBI Bank Rate (6.5% as of June 2025) × 3 = **19.5% per annum**, compounded monthly from day 46 of non-payment.

Who Can File

- › Enterprises holding a valid **Udyam Registration Certificate** at the time of supply
- › The registration must be valid on the date of the transaction — not just at filing time
- › Can file against any buyer: corporate, government department, PSU, or individual
- › No minimum threshold on buyer size — the Act applies regardless of buyer's scale

Interest Calculation Example

Item	Amount / Rate
Principal outstanding	■25,00,000

Due date (45 days after delivery)	15 January 2025
Date of filing (18 months later)	15 July 2026
RBI Bank Rate	6.5% p.a.
Applicable interest rate (3×)	19.5% p.a. (monthly compounding)
Accrued compound interest (18 months)	≈ ₹7,12,000
Total recoverable amount	≈ ₹32,12,000

Documents Required Before Filing

Mandatory

- › ■ Udyam Registration Certificate (valid at date of supply)
- › ■ All unpaid invoices (GST invoices preferred — include invoice number, date, amount)
- › ■ Purchase Orders or Work Orders from buyer
- › ■ Proof of delivery: challan, e-way bill, signed delivery receipt, or email confirmation
- › ■ Bank statements showing partial payments received (if any)

Strongly Recommended

- › ■ Written acknowledgement from buyer of receipt of goods / completion of service
- › ■ Any email, letter, or WhatsApp message where buyer acknowledges the debt or delay
- › ■ Date-wise interest calculation workings (computed from invoice due date)
- › ■ Any agreed payment schedule that was not honoured by the buyer

Filing Process — Step by Step

Step 1: Access Samadhaan portal

Go to samadhaan.msme.gov.in → Register as Supplier using Udyam Registration Number

Step 2: Enter buyer details

Buyer name, address, GST number, entity type. Portal validates GST details in real time.

Step 3: Enter invoice details

For each invoice: number, date, supply date, amount, amount paid. Portal computes outstanding principal and interest automatically.

Step 4: Upload documents

Upload invoices, POs, delivery proofs, Udyam certificate. PDF format, max 5MB per document.

Step 5: Submit and note reference

Portal generates a case reference number. Screenshot and save this.

Step 6: Await MSEFC notice

Karnataka MSEFC issues notice to buyer within 30–45 days. Both parties are called for conciliation hearing.

Step 7: Attend conciliation

Appear before Karnataka MSEFC (DIC office, Bengaluru). Bring originals of all uploaded documents.

Step 8: Settlement or arbitration

If settlement is reached, it is recorded and signed before MSEFC. If not, case proceeds to ODR arbitration.

Karnataka MSEFC — Key Points

- › Operates under Joint Director of Industries (MSME), Department of Industries and Commerce, Bengaluru
- › First hearing notice issued within 30–45 days of portal submission
- › Both parties may appear in person or through authorised representative
- › If buyer fails to appear despite notice, MSEFC may proceed ex-parte
- › ODR (Online Dispute Resolution) arbitration available if conciliation fails — 6–9 month resolution timeline
- › MSEFC award is enforceable as civil court decree — buyer's assets can be attached for recovery

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