

Media Release

India's first comprehensive report on Delayed Payments Presented to the MSME Minister

Crores of MSMEs money locked up; Poor bargaining power of
small businesses and normalization of delayed payments
perpetuate the issue

New Delhi, June 16, 2022

India's first comprehensive report on the impact of delayed payments on MSMEs was presented to Shri Narayan Rane, Hon'ble Minister for MSME, Govt. of India in his office on Tuesday, June 14. The report titled '*Payment On Time; Growth Har Time*' written by Global Alliance for Mass Entrepreneurship (GAME) and Dun & Bradstreet (D&B) India and supported by Omidyar Network India, estimates that a few lakh crores of rupees are locked up annually as delayed payments due from buyers to MSME suppliers. The Report is the first of its kind to comprehensively uncover the issue of delayed payments, and looks into the impact of this practice on MSMEs' survival and growth, supply chains and the overall economy.

Shri BB Swain, Secretary, Ministry of MSME, Shri Shailesh Kumar Singh, Development Commissioner, Ministry of MSME, Dr. Ishita G. Tripathy, Additional Development Commissioner, Ministry of MSME, Dr. KP Krishnan, Former Secretary at the Skill Development & Entrepreneurship Ministry of Govt. of India, Mr. Suresh Gundappa, CEO of GAME, Ms. Sandhya Thukaram, COO of GAME and Mr. Avinsah Gupta, MD & CEO of D&B India were present on the occasion.

The Report draws from both public and proprietary datasets as well as original qualitative research conducted among micro and small businesses.

Highlighting the key role of MSMEs in powering the Indian economy to its \$5 trillion dollar future, Shri Narayan Rane said, "Delayed payments from buyers weaken the MSME suppliers and impede their growth. The government has been implementing a series of interventions to address this problem. At the same time, given the complexity of the problem, a lasting solution will need all stakeholders- the buyers, solution providers and MSMEs -to come together to address it."

“The MSME role in the Indian Economy goes beyond financial numbers. Over 110 million are employed by the sector, making its implications much larger and deeper on all spheres of economic activities. Besides estimating the problem and enumerating its broad level causes, the Report also outlines solutions that should take shape. We hope the ecosystem under governmental guidance and support can now move faster towards solving this huge problem,” said Dr. KP Krishnan.

“Intentionally delayed payments by large buyers to small and medium businesses is a very serious issue. It is fundamentally the consequence of the asymmetry of bargaining power between small firms and large buyers and results in a transfer of capital from cash-strapped small and medium businesses to large corporations. Not only is this unjust and exploitative, it also has a major economic impact by depressing the productivity and competitiveness of India’s MSME sector which is our primary engine for job creation. MSMEs lack voice and are resigned to live with this situation but it is imperative for leaders of industry and our political leadership to put an end to this exploitation and create a culture of fair and prompt payments”, said Suresh Gundappa, CEO, Global Alliance for Mass Entrepreneurship

“Delayed payments are a significant impediment to the growth and competitiveness of MSMEs. While we had a sense of the overall impact of the problem, this study delves deeper into the problem and explores different nuances within the segment, which will aid policymakers and lenders develop differentiated solutions. There is an urgent need for collective action to solve delayed payments and it should be based on a profound understanding of its real impact on the economy,” said Mr. Avinash Gupta, MD and CEO, Global Chief Economist, Dun and Bradstreet.

In a powerful assertion of the commitment of some of the top corporate buyers to support MSMEs and encourage economic growth, a ‘Prompt Payment Pledge’ was taken earlier by Maruti Suzuki India, HDFC Bank, RPG Group, Nestle India, Tata Play, Homelane, MTR Foods, CGI India, Lighthstorm Technologies, Bangalore International Airport Ltd. Elgi Equipments, Persistent Systems and Ernst &Young India. [Click here](#) to view the pledges.

Get the full text of the Report ‘Payment on Time, Growth Har Time’ here:
<https://rb.gy/so0uro>

About D&B India:

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. For more information, please visit www.dnb.co.in

About GAME:

Global Alliance for Mass Entrepreneurship (GAME) is a non-profit organization that works to build powerful coalitions to improve enabling conditions for broad-based entrepreneurship and rapid and sustainable growth of enterprises in the country. To know more, please visit: <https://massentrepreneurship.org/>

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