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MINISTRY OF
**MICRO, SMALL & MEDIUM
ENTERPRISES**

Guidelines on
MSE Scheme on
**Online Dispute Resolution
for Delayed Payments**





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1. OVERVIEW OF THE MSME SECTOR

1.1. The Micro, Small and Medium Enterprises (MSMEs) are the growth engines of the Indian economy. The share of MSME Gross Value Added (GVA) in all India Gross Domestic Product (GDP) during the year 2019-20, 2020-21 and 2021-22 was 30.5%, 27.2% and 29.2% respectively. The share of MSME manufacturing output in all India Manufacturing output during the year 2019-20, 2020-21 and 2021-22 was 36.6%, 36.9% and 36.2% respectively. As on 27.05.2025, as per Udyam Registration Portal, the total number of MSMEs registered in India are 6,40,83,924 and the total number of persons employed in MSMEs in India were 27,58,85,891.¹ (as on 27.05.2025, the employment is more than 27 crores)

1.2. The Ministry of Micro, Small and Medium Enterprises implements various schemes for the growth and development of MSME sector in the country in areas of credit support, new enterprise development, formalization, technological assistance, infrastructure development, skill development and training and market assistance to MSMEs. The schemes/ programmes inter alia include Prime Minister's Employment Generation Programme (PMEGP), Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE), Micro and Small Enterprises - Cluster Development Programme (MSE-CDP), Entrepreneurship Skill Development Programme (ESDP), Procurement and Marketing Support Scheme (PMS) and National SC/ST Hub (NSSH).

2. ISSUE OF DELAYED PAYMENTS

2.1. The Government of India has undertaken multiple initiatives to create a conducive environment for the holistic development of the MSME sector, including a special mechanism for the resolution of delayed payments.

2.2. The Government of India brought in force a new legislation, i.e., the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") that institutionalized the provisions for delayed payments provided earlier under the Delayed Payments Act.

2.3. Under the MSMED Act, 2006, the Micro and Small Enterprises Facilitation Councils (MSEFCs) have been set up in the States/ UTs to deal with cases of delayed payments owed to Micro and Small Enterprises (MSEs). The Ministry of MSME has requested States/UTs to increase the number of MSEFCs for quicker disposal of delayed payment applications. Currently, 161 MSEFCs have been set up at the pan-India level. A few States/ UTs such as Delhi, Jammu and Kashmir, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu,

¹<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm> <last accessed on May 27, 2025>



Telangana, Uttar Pradesh, and West Bengal have set up more than one (1) MSEFC.²

2.4. To expedite the disposal of cases filed for delayed payments, the Ministry of MSME had launched the MSME Delayed Payment Portal – MSME Samadhaan to facilitate the online filing and registration of applications for the recovery of delayed payments by MSE suppliers having a valid registration. A special sub-portal has been created within the MSME Samadhaan Portal on 14.06.2020 for reporting dues and monthly payments by Central Ministries/ Departments/ Public Sector Enterprises to MSMEs.

3. RATIONALE OF THE SCHEME

3.1. The delayed payments adversely impact the already cash-starved MSEs, giving rise to multiple challenges, such as default in order delivery, delinquency in loans, layoff and retrenchment, higher borrowing cost, low competitiveness, etc.

3.2. Lack of adequate infrastructure, costly and time-consuming legal process, synchronous communication, manual case management, limited focus on conciliation/ mediation process, non-availability of legal processes in vernacular language, and absence of legal helpdesk, physical documentation, and record-keeping, etc., are some of the gaps in the present system.

²<https://samadhaan.msme.gov.in/MyMsme/MSEFC/CouncilAddress.aspx>
<accessed on May 25, 2025>

2.5. The RBI Expert Committee Report³ stated that despite the existence of rigorous legislative provisions, the MSEs face problems with delayed payments, which adversely affect their working capital cycle/ requirements and ultimately impact their operational efficiency.

2.6. Under the MSMED Act, 2006, MSEFCs are responsible for the adjudication of delayed payment applications. However, MSEFCs face challenges in providing speedier disposal of delayed payment applications. The data analyzed by the RBI Expert Committee Report⁴ on average debtor days from 1997-98 to 2017-18 indicate that the average debtor days for MSEs is quite large and has consistently been over ninety (90) days.

3.3. The gaps in the traditional justice delivery system require new solutions. Thus, the problem of delayed payments requires relooking, restructuring, and re-imagination by harnessing new technologies in the present system. The integration of technology with the traditional dispute resolution system can effectively reduce the delays in the disposal of delayed payment applications.

3.4. The Ministry of MSME has envisioned the development of a new Online Dispute Resolution Portal built on the principles of efficiency and speedy disposal of disputes, which is a cornerstone of any robust and modern legal system. A new system will

³Reserve Bank of India, 'Report of the Expert Committee on Micro, Small and Medium Enterprises' (2019).

⁴ibid.



allow ease of access, ease of justice, and ultimately ease of doing business to MSEs from the comfort of their homes and any corner of the country. Thus, the MSE Scheme on Online Dispute Resolution (ODR) for Delayed Payments with an outlay of Rs. 188.96 crores has been approved by the Ministry of MSME to facilitate the development of the new MSME Online

Dispute Resolution (ODR) Portal. MSME ODR Portal can help in dispute avoidance, dispute containment, and dispute resolution, and will enable the ease of access to justice in a timely and cost-efficient manner through digital access, inclusion, and empowerment of Micro and Small Enterprises.

4. ABOUT THE MSE SCHEME ON ONLINE DISPUTE RESOLUTION FOR DELAYED PAYMENTS

4.1. MSE Scheme on Online Dispute Resolution for Delayed Payments is a sub-scheme under “Raising and Accelerating MSME Performance” (RAMP), a World Bank-supported Central Sector Scheme. RAMP aims at improving market access, access to credit, strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships, addressing issues of delayed payments, and greening of MSMEs.

4.2. One of the objectives of the RAMP Programme is to reduce the incidences of delayed payments for Micro and Small Enterprises (MSEs) under the MSMED Act, 2006, and to expand access to the Online Dispute Resolution (ODR) mechanism.

4.3. UNCITRAL Technical Notes defines Online Dispute Resolution, or ODR, as a “mechanism for resolving disputes through the use of electronic communications and other information and communication technology.”⁵ ODR is not a completely new mode of dispute resolution. For many

variants of ODR, such as e-arbitration and e-mediation, the prescribed processes used during resolution are informed by traditional processes, which ODR intends to elevate with technology.⁶

4.4. MSE Scheme on Online Dispute Resolution for Delayed Payments is a holistic, unified, and end-to-end approach to delayed payments applications. It is a new concept with a combination of informal and formal approach to dispute resolution for MSEs. An informal approach is guided by processes such as Digital Guided Pathway and e-negotiation to contain the dispute before it enters the formal process of adjudication. A formal approach is guided by the process of mandatory conciliation and statutory arbitration as mandated under the MSMED Act, 2006, which will be facilitated through the use of electronic communications and other information and communication technology. It will act as a catalyst for ease of access to justice in a cost-efficient and timely manner, which will ultimately increase productivity of the units.

⁵UNCITRAL, Technical Notes on Online Dispute Resolution.

⁶Niti Aayog, ‘Designing the Future of Dispute Resolution: The ODR Policy Plan for India’ (2021).



4.5. Based on the principles of transparency, fairness, impartiality, privacy, and security, a new online dispute resolution platform will be developed to facilitate the processes involved in online dispute resolution, that is, filing, summoning, pleadings, evidence, hearing, arguments, order, final disposal, and tracking of settlement orders and awards enforcement. The Scheme will enable the development of the new portal, namely, MSME ODR Portal, along with its operationalization and maintenance. The data and information on the

existing MSME SAMADHAAN Portal will be migrated to the new portal.

4.6. The Scheme will also provide support for the IT infrastructure and human resources required by the Micro and Small Enterprises Facilitation Councils for the implementation of the online dispute resolution mechanism.

4.7. The Scheme will further provide financial assistance to Micro and Small Enterprises.

5. OBJECTIVES OF THE SCHEME

5.1. To develop an Online Dispute Resolution mechanism for all the States and Union Territories (UTs) to address the issue of delayed payments faced by Micro and Small Enterprises.

5.2. To promote digitization and digitalization.

5.3. To build the capacity of Micro and Small Enterprises Facilitation Councils to ensure speedy justice to MSEs.

5.4. To ensure speedier and cost-effective dispute resolution for Micro and Small Enterprises, and to enhance the financial strength and competitiveness of these enterprises.

5.5. To promote containment of disputes through negotiation and mediation to make the dispute resolution process less adversarial.

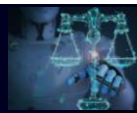
5.6. To ensure ease of access to justice for Micro and Small Enterprises and to reduce delays in the resolution of disputes.

5.7. To make justice accessible to Micro and Small Enterprises in a vernacular language, thus making the processes more comprehensible.

5.8. To facilitate the ease of administration of justice by increasing awareness about the legal rights amongst Micro and Small Enterprises.

6. COMPONENTS OF THE SCHEME

For holistic support of MSEs, the MSE Scheme on Online Dispute Resolution envisions the following components:



- 6.1. Development of the MSME ODR Portal:** To promote and support the end-to-end digitization of the delayed payment applications by creating a digital public infrastructure.
- 6.2. Operations and Maintenance of the MSME ODR Portal:** To enable the operationalization and maintenance.
- 6.3. Support to MSEFCs for Online Dispute Resolution Implementation:** To support the Micro and Small Enterprises Facilitation Councils (MSEFCs) in establishing the state-of-the-art IT infrastructure. Additionally, to support MSEFCs with human resources (Legal and Office/Secretarial) for the effective implementation of the scheme. The financial limit for support for one Human Resource (Legal) will be Rs. 80,000 per month. This would create an institutional legal support mechanism. The support for human resources (Office/Secretarial) will be Rs. 40,000 per month. The MSEFC can engage up to two office/secretarial resources within the above financial limit.
- 6.4. Financial Assistance to MSEs:** The Ministry of MSME will support the micro or small enterprises by providing one-time financial assistance for documentation and application fees charged by MSEFCs (if any), limited to a maximum grant of Rs. 4,000 per MSE.

7. ELIGIBILITY CRITERION

- 7.1.** The Micro and Small Enterprises registered on Udyam (UR) or Udyam Assist Platform (UAP) are eligible under the Scheme.

8. IMPLEMENTATION PERIOD OF THE SCHEME

- 8.1.** The scheme will be operational from 2023-2024 to 2026-2027.

9. STAKEHOLDERS AND THEIR EXPECTED ROLES

9.1. THE MINISTRY OF MSME

The Ministry of MSME shall create an enabling environment and assist its partners in achieving the above-mentioned objectives by:

- i. Overseeing the development, operations, and maintenance of the MSME ODR Portal being developed by the implementing agency and its integration with the existing MSME Samadhaan Portal. The ownership of the MSME ODR Portal will remain with the Ministry of MSME.



- ii. Issuing guidelines for the development of various strategies and frameworks for the Scheme and making necessary changes with the approval of the Secretary, MSME. The necessary changes may be made after taking the recommendations of the Scheme Steering Committee (SSC).
- iii. Developing or prescribing the minimum standards and code of conduct for empaneling qualified and experienced institutions or centres providing online conciliation/ mediation and/ or arbitration services, from time to time.
- iv. Approving the design and structure of the MSME ODR Portal.
- v. Developing the SOPs and best practices for conducting the pre-MSEFC processes and MSEFC processes on the recommendation of the Expert Advisory Committee on Online Dispute Resolution (EAC-ODR) and the approval of the Scheme Steering Committee (SSC).
- vi. Finalizing the list of IT infrastructure required to be procured under the scheme for upgrading the MSEFCs as approved by the Scheme Steering Committee (SSC) during the term of the MSE ODR Scheme on Delayed Payments.
- vii. Monitoring and evaluation of the MSE Online Dispute Resolution Scheme implementation through the Scheme Steering Committee.
- viii. Creating a mechanism for smooth operations and coordination.
- ix. Identifying and partnering with the Implementing Agency and all other stakeholders

under the scheme for the implementation of the MSE Online Dispute Resolution Scheme.

- x. Coordinating with various Ministries/ Departments/ States and other stakeholders through the Expert Advisory Committee on Online Dispute Resolution (EAC-ODR) to review the existing framework for addressing the issue of delayed payments, advise on development, as well as the technical and legal design of the MSME ODR Portal.

9.2. NATIONAL INFORMATICS CENTRE SERVICES INC. (NICS)

National Informatics Centre Services Inc. (NICS), a Government of India Enterprise under NIC, MeitY, shall coordinate with the Ministry of MSME to enable effective implementation, including development, operations, and maintenance of the MSME Online Dispute Resolution (ODR) Portal by:

- i. Nominating a Nodal Officer for effective coordination with the Ministry.
- ii. Designing, Developing, Testing, Hosting, and Operationalizing MSME Online Dispute Resolution (ODR) Portal.
- iii. Operations and Maintenance support for MSME Online Dispute Resolution (ODR) Portal.
- iv. Providing training and handholding support to Micro and Small Enterprises Facilitation Councils (MSEFCs) for usage of the Portal during the term of the Scheme.
- v. Engaging a suitable institution or agency for the development of legal processes and procedures



for the MSME Online Dispute Resolution (ODR) Portal.

vi. Procurement and timely delivery with necessary support for commissioning and operationalizing of IT Infrastructure for MSEFCs as detailed out in Para 9.1.v.

vii. Nominate a Sub Agency (SA), if required, and open a bank account for receipt of funds under the Scheme.

viii. Placing adequate measures in place for the security and safety of the Portal.

ix. Complying with rules, regulations, notifications, guidelines, etc., issued by the Government of India, concerning data protection, security, and storage.

x. Ensuring adherence to timelines and deliverables under the Scheme.

xi. Timely reporting of the progress of the work assigned under the Scheme.

xii. Follow rules and procedures laid down by the Ministry.

xiii. Any other task assigned by the Ministry for the development, operations, and maintenance of the Portal.

9.3. STATE/ UT GOVERNMENTS

The Participating State/ UT Governments under the RAMP Programme will support the Ministry of MSME in the effective implementation of the MSE Online Dispute Resolution Scheme by:

i. Nominating a nodal MSEFC from among the MSEFCs in the State/ UT for effective coordination with the Ministry.

ii. Assisting the Ministry in capacity building of MSEFCs in their States/ UTs.

iii. Creating a mechanism for widespread dissemination of information on this initiative through its divisions/ offices in the State and assisting the Ministry of MSME in maximum awareness and outreach of the MSE Scheme on ODR for Delayed Payments guidelines and urging the MSEs to adopt ODR as a mode of dispute resolution.

iv. On-boarding of human resources (legal and office/ secretarial) for MSEFCs within their jurisdiction as a measure of their capacity building as per the terms laid out in Clause 6.3 of these guidelines.

v. Maintaining an updated list of qualified and experienced institutions or centres providing online mediation and/ or arbitration services on the MSME ODR Portal.

vi. Conducting periodic feedback and review of empanelled institutions or centres providing online mediation and/ or arbitration services.

vii. Reporting the expenditure against authorized funds and providing Utilization Certificates (UCs) under this Scheme.

viii. Follow the extant procedure for release of funds/ grant under the component of “Support to MSEFCs for ODR implementation” and “Financial Assistance to MSEs.”



9.4. MICRO AND SMALL ENTERPRISES FACILITATION COUNCILS (MSEFCs)

i. Participate in Awareness Programmes, training, capacity building, etc., for a better understanding of the MSE Scheme on Online Dispute Resolution (ODR) for Delayed Payments.

ii. Ensure widespread dissemination of information on this initiative, assist the State and the Ministry of MSME in maximum awareness and outreach of the MSE Scheme on ODR for Delayed Payments guidelines, and urge the MSEs to adopt ODR as a mode of dispute resolution.

iii. Exhibit intent and commitment towards improving their systems and processes so as to achieve higher case resolution through the ODR mechanism.

iv. To be mapped as a Sub-Agency to the State Nodal Agency of the State Government and to open a bank account for receipt of funds under this Scheme.

v. Follow the extant procedure laid down by the Ministry and report the expenditure made against authorized funds and provide the information from time to time.



10. SCHEME COMPONENTS

S. No.	Component	Activities	Amount Limit* (Rs. in Cr.)
1.	Development of MSME ODR Portal	Design, Development, Testing, Hosting, and Operationalization of the MSME Online Dispute Resolution (ODR) Portal.	22.41
2.	Operations and Maintenance of MSME ODR Portal	Operations and Maintenance of the MSME ODR Portal.	6.68
3.	Support to MSEFCs for ODR implementation	Upgradation of IT Infrastructure and Human Resources for capacity building of MSEFCs.	134.19
4.	Financial Assistance to MSEs	One-time maximum Financial Assistance of Rs. 4000 per MSE, which will include the following – MSEFC Stage: <ul style="list-style-type: none"> ✓ Financial Assistance of up to Rs. 2000 (Rs. 2000 or actual, whichever is less) for documentation. ✓ Financial Assistance of up to Rs. 2000 (Rs. 2000 or actual, whichever is less) for MSEFC application fees. 	25.68
	Total		188.96



11. MODALITIES FOR IMPLEMENTATION OF THE SCHEME

11.1. NATURE AND JURISDICTION OF DISPUTE

11.1.1. Disputes between the Micro and Small Enterprises (MSE) seller, and any buyer, arising out of failure of payment for supply of goods or rendering of services by the MSE seller, on or before the date agreed upon between the supplier and the buyer, in writing, and where there is no agreement in this behalf, after the expiry of fifteen (15) days from the day of acceptance or deemed acceptance of goods or services by a buyer, and in no case, beyond forty-five (45) days from the day of acceptance or deemed acceptance of goods or services by a buyer, will be resolved through MSME ODR Portal. The nature and jurisdiction of the dispute shall be as mandated under the MSMED Act, 2006, and its amendments thereof.

11.1.2. Disputes between Micro and Small Enterprises (MSE) seller, and any buyer, arising out of failure of payment for supply of goods or rendering of services by the MSE seller, can be resolved, at the option of the Micro and Small Enterprises (MSE) seller:

- (i) By leveraging Digital Guided Pathway (DGP) and Unmanned Negotiation under the pre-MSEFC phase through MSME ODR Portal; and/or
- (ii) By leveraging mediation and arbitration as per the MSMED Act, 2006 through Micro and Small Enterprises Facilitation Council (MSEFC), or any institution or centre providing alternative dispute

resolution services in India and to whom a reference has been made by the respective MSEFC having jurisdiction over the subject matter, through the MSME ODR Portal.

11.1.3. The territorial jurisdiction of MSEFCs shall be decided where the Micro and Small Enterprise supplier is located as per the registration at Udyam (UR) or Udyam Assist Platform (UAP).

11.2. MSME ODR PORTAL

11.2.1. The Ministry of MSME had launched the MSME Delayed Payment Portal – MSME SAMADHAAN to facilitate the online filing and registration of applications for the recovery of delayed payments by MSE suppliers having a valid registration.

11.2.2. The MSME SAMADHAAN Portal is presently working as a case tracker and an e-filing portal. Once an application for delayed payments is filed on the Portal, the rest of the dispute resolution process requires manual intervention. The traditional dispute resolution process is thereby costly and time-consuming which may cause delay in the recovery of payments by MSEs. A delay in disposal of delayed payment applications may impact the working capital availability for MSEs, pose risk to associated business relationships, and may result in loss of business opportunity, etc.



11.2.3. The MSME ODR Portal will provide a two-fold solution to delayed payment applications filed by Micro and Small Enterprises in two stages: (i) Pre-MSEFC, and (ii) MSEFC.

11.2.4. The major modules of MSME ODR Portal inter alia are as under:

- a. Digital Guided Pathway
- b. Automated Online Negotiation
- c. Online Conciliation or Mediation
- d. E-Filing
- e. Issuance of online notices/ summons
- f. Online notification and alerts through email and text message
- g. Document Management System
- h. Online Case Management
- i. Online Display Board
- j. Online Hearings and Evidence
- k. Online Legal helpdesk
- l. Payment Gateway
- m. Standard Forms and Templates
- n. Accessibility in vernacular language
- o. Directory of Institutions/ Centres providing online mediation and online arbitration services
- p. Dashboard
- q. Grievance Management

11.2.5. The MSME ODR Portal will create a separate e-filing profile for each case and every distinct party involved in each case. An e-filing profile created for each case/ party shall contain the unique number, details of the party along with his/ her legal representative (if any), case history, history of notice/ summon issued and their status, case documents, settlement agreements, number and date of hearings including the orders passed on that date, payment gateway, awards passed, etc.

11.2.6. The MSME ODR Portal will also have an automated case management facility. The Portal will also provide a mechanism through which Micro or Small Enterprises can apply for Financial Assistance after the conclusion of a particular case.

11.2.7. The MSME ODR Portal will also have a facility for conducting and recording virtual hearings and proceedings under the pre-MSEFC and MSEFC stages. However, in the case of Unmanned Negotiation proceedings, Conciliation/ Mediation proceedings, and hearings, no recording of the proceedings shall be made so as to maintain the confidentiality and legality of such proceedings.

11.2.8. The MSME ODR Portal will also have a dashboard providing data analytics, MSEFC-wise progress report of delayed payment applications, average stage-wise disposal time, tracking of grants released by MSEFCs for support to MSEs, enforcement of settlement orders/ arbitral awards passed, etc.



11.2.9. The MSME ODR Portal will also have a facility of a legal help desk in English and vernacular languages that will assist the parties in understanding the legal processes and procedures involved in the online dispute resolution mechanism.

11.2.10. The MSME ODR Portal will have the SOPs and best practices for conducting pre-MSEFC processes and MSEFC processes that may be adopted by States/ UTs for uniformity of procedure and best practices.

11.2.11. The MSME ODR Portal will have adequate data security, storage, and privacy measures to ensure the preservation and protection of data as per the law of the land. The features and facilities of the portal may be upgraded from time to time as per the requirements.

12. ONLINE DISPUTE RESOLUTION PROCESS

12.1. INITIATION OF DELAYED PAYMENT APPLICATION PROCEEDINGS

12.1.1. The proceedings for delayed payment applications will initiate with an e-filing for the recovery of the delayed payment application by the MSE seller on the MSME ODR Portal.

12.1.2. To avail the online dispute resolution mechanism through the MSME ODR Portal, Micro or Small Enterprises will create an e-login on the Portal to file an application for the recovery of delayed payments along with supporting documents, if any.

12.1.3. Based on the information available in the database provided for registration on Udyam (UR) or Udyam Assist Platform (UAP), the system will auto-generate the key information of the MSE seller. The MSE seller will have an option to provide an additional email address and mobile number along with the information generated through UR or UAP.

12.1.4. The indicative list of information that an application may contain is as under:

- a) The complete name, UR/ UAP, email, and mobile number of the MSE seller and his/ her legal representative, if any, authorized to act on behalf of the seller in the proceedings.
- b) The complete name, email (if available), and mobile number of the buyer/s.
- c) An undertaking by the MSE seller affirming that the name, email (if provided), and mobile number of the buyer/s are true and correct to the best of his knowledge.



d) The brief facts and/or grounds on which the application for delayed payments is filed, along with supporting documents like Work Order, Agreement, Invoices, other documents, etc.

e) Any payment, if received by an MSE seller with respect to the subject matter of the delayed payment application. The MSE seller will also state the payment details, like the date of payment received, amount received, etc.

f) Remaining payment due to the MSE seller with respect to the subject matter of the delayed payment application. MSE sellers will also state the payment details like due date, due amount, and due interest, as per the MSMED Act, 2006.

g) The signature and identification proof of an MSE seller.

h) The signature, enrolment identification proof, and power of attorney of the MSE seller's legal representative, if any.

12.1.5. The dispute resolution through the MSME ODR Portal will be subject to the applicable laws.

12.2. COMMENCEMENT OF DELAYED PAYMENTS APPLICATIONS PROCEEDINGS

12.2.1. In the case of pre-MSEFC stage, the online dispute resolution proceedings will commence, when following the filing of a delayed payment application on the MSME ODR Portal, an automated communication has been sent to the MSE seller and the buyer/s through text message and email, if any, provided through the MSME ODR Portal.

12.2.2. Conciliation/ Mediation under the MSEFC stage will be deemed to have commenced on the date of the appointment of the conciliator/ mediator for mediating a dispute between the parties. Arbitral proceedings in respect of a dispute commence as per the provisions of the Arbitration and Conciliation Act, 1996.

12.3. STAGES OF ONLINE DISPUTE RESOLUTION

12.3.1. Online Dispute Resolution has been envisaged as an end-to-end dispute resolution process in two stages: (i) Pre-MSEFC, and/or (ii) MSEFC.

12.3.2. The pre-MSEFC stage is a voluntary, out-of-court solution that shall be undertaken based on consent provided by both parties. In case any or all of the parties opt out of the pre-MSEFC process, the parties shall enter the MSEFC stage, which shall be undertaken as per the procedure defined under the MSMED Act, 2006. The pre-MSEFC stage envisages two processes: (1) Digital Guided Pathway, and/or (2) Unmanned Negotiation.



12.3.3. The MSEFC stage is the legal procedure mandated for the resolution of delayed payment applications under the MSMED Act, 2006, which shall be facilitated through the MSME ODR Portal under this Scheme. As mandated under the Act, the MSEFC stage envisages two processes: (1) Conciliation/ Mediation, and (2) Arbitration. Both the processes under the MSEFC stage are mandatory as per the MSMED Act and are conducted in a tiered manner.

12.4. PRE-MSEFC STAGE

12.4.1. The pre-MSEFC stage is envisaged as an out-of-court and voluntary solution to delayed payment applications filed by MSEs. The parties to the dispute may choose to resolve disputes through an out-of-court, pre-MSEFC stage before entering into the MSEFC stage as per the procedure established under the MSMED Act, 2006.

12.4.2. The pre-MSEFC stage will include two processes: (1) Digital Guided Pathway, and (2) Unmanned Negotiation. The parties to the dispute may either choose one of the two processes under the pre-MSEFC stage or both processes in a sequential manner, or opt out of the entire pre-MSEFC stage.

12.4.3. If any one of the parties chooses to opt out from either one or both of the processes under the pre-MSEFC stage, the dispute will proceed to the next process or stage, as the case may be. For ample clarity, it is stated that in case the parties choose to opt out of the Digital Guided Pathway process, the dispute resolution proceedings shall begin with the Unmanned Negotiation process and vice versa. Similarly, if the parties choose to opt for both the processes, that is, Digital Guided Pathway and Negotiation, the proceedings shall commence with the Conciliation/ Mediation process as per the procedure defined under the MSMED Act, 2006.

12.4.4. Similarly, if the parties fail to settle or resolve their dispute in an amicable manner during the pre-MSEFC stage, that is, through the Digital Guided Pathway process and/ or Unmanned Negotiation process, the proceedings shall commence with the Conciliation/ Mediation process as per the procedure defined under the MSMED Act, 2006.

12.4.5. The pre-MSEFC stage can be initiated by a Micro and Small Enterprises seller by filing a delayed payment application and will be concluded or terminated as per the prescribed timeline.



12.4.6. The entire pre-MSEFC stage shall be completed within a period of fifteen (15) days from the date of filing of the delayed payment application. The pre-MSEFC stage, if not concluded within fifteen (15) days, then it shall then stand terminated at the end of the 15th day, unless both parties record their consent to continue such proceedings. Such continuation shall start from the sixteenth (16th) day and shall not exceed more than fifteen (15) days. Thus, the entire proceedings shall have to be concluded within thirty (30) days.

12.4.7. As stated above, online dispute resolution proceedings will commence when, following the filing of a delayed payment application on the MSME ODR Portal, an automated communication has been sent to the MSE seller and the buyer/s through text message and email, if any, provided through the MSME ODR Portal.

12.4.8. An automated communication shall inform the parties about the filing of delayed payment application by an MSE seller and shall also inform that the buyer/s has an option to file a brief reply to the application filed by an MSE Seller along with documents, if any, within three (3) days of the receipt of automated communication. Along with such communication, delayed payment application and documents, if any, filed by an MSE seller shall also be sent to the buyer/s.

12.4.9. The automated communication referred to in para 12.4.8 shall also inform the parties that they will enter the Digital Guided Pathway process unless opted out within three (3) days of the receipt of this automated communication. Along with such communication, a claim form in the prescribed format will also be sent to the parties, which have to be filed by the parties within three (3) days of the receipt of automated communication. The information provided in the claim form shall be used for predicting a probable outcome of the case through the Digital Guided Pathway. The communication will also inform the parties that this process is completely voluntary and confidential and that the parties shall not be under obligation to come to a settlement pursuant to such proceedings.

12.4.10. The buyer/s on receipt of an automated communication referred to in para 12.4.8, along with the application and documents, may file a brief reply to the application along with relevant documents, if any. To avail the online dispute resolution mechanism through the MSME ODR Portal, buyer/s will create an e-login on the Portal to file a reply along with supporting documents, if any. Such a reply, if any, has to be filed within three (3) days of the receipt of automated communication. A reply, if any, filed by buyer/s will also be sent to the MSE seller through text message and email, if any, provided through the MSME ODR Portal. The indicative list of information that a reply may contain is as under:

- a) The complete name, email, and mobile number of the buyer/s and his/ her legal representative, if any, authorized to act on behalf of the buyer/s in the proceedings.



b) A brief reply to the facts and/or grounds of the application for delayed payments and supporting documents filed by the MSE Seller. A buyer/s may file documents, if any, in support of their defense.

c) Amount paid, if any, paid by the MSE seller with respect to the subject matter of the delayed payment application. MSE seller will also state the details of payments made, such as date of payment made, amount paid, document in support reflecting the payment made, etc., along with the reply, if any, filed by the buyer/s.

d) The signature and identification proof of the buyer/s.

e) The signature, enrolment identification proof, and power of attorney of the MSE buyers' legal representative, if any.

12.4.11. If either of the parties proceeds to opt out of the Digital Guided Pathway process within three (3) days of the receipt of automated communication, the parties will be sent another automated communication on the expiry of three (3) days of the receipt of such communication. This automated communication will inform the parties that they shall enter the Unmanned Negotiation process unless they opt out within two (2) days of the receipt of this automated communication.

12.4.12. The parties shall be informed before the commencement of the pre-MSEFC stage that the process is voluntary and that they have the option to opt-out of the process and enter the formal structure of MSEFC or can avail either one of the processes, i.e., Digital Guided Pathway or Unmanned Negotiation or both the processes in a sequential manner.

12.4.13. DIGITAL GUIDED PATHWAY (DGP) UNDER PRE-MSEFC STAGE

(i) If the parties do not opt out from the Digital Guided Pathway process within the prescribed time period, Artificial Intelligence-enabled Digital Guided Pathway will analyze the brief facts filed by the parties in the prescribed claim form.

(ii) Basis the facts entered by the parties, Digital Guided Pathway enabled by Artificial Intelligence/ Machine Learning tools will generate a probable outcome of the case that will be arrived at, after thorough evaluation of the facts of the case and precedents passed by the courts of law and tribunals. The system shall generate such an outcome on the expiry of three (3) days – the period in which any of the parties have an option to opt out from the process – from the filing of the delayed payment application by an MSE seller.

(iii) On the generation of a probable outcome of the case, the Pathway will send a probable outcome of the case to the parties. Based on the probable outcome generated by the Pathway, the parties will have an option to discuss the same on the MSME ODR Portal. To enable the same, another automated communication, along with the probable outcome, will be sent to the parties through text message and



email, if any, through the MSME ODR Portal. A communication will inform the parties that they have an option to propose/ share a settlement proposal at this stage and document/s, if any, between themselves to arrive at a settlement through the MSME ODR Portal. Communication will also contain the unique case number, case name, date, and time of the proceedings at which the parties can appear on the Portal and discuss the case to arrive at a settlement. The first date shall be fixed for no later than the fifth (5th) day from the filing the delayed payment application. Further dates shall be fixed as per the convenience of the parties, however, the same shall not exceed the timeline prescribed for undertaking the pre-MSEFC stage.

(iv) If the parties accept the probable outcome of the case or arrive at an amicable settlement based on the probable outcome of the case, a draft settlement agreement recording the terms and conditions of the agreement agreed upon by the parties will be generated for the perusal of the parties to the settlement. The parties will have an option to amend the clauses of the agreement by entering deviations in the proposed settlement agreement in the Pathway. On arrival at a mutual agreement, the process shall be concluded by a duly executed settlement agreement signed by all the parties. Such an agreement shall be executed online, as permissible in law, through the MSME ODR Portal. Settlement agreement shall record the statement that the settlement has been arrived at between the parties voluntarily and out of free will through the MSME ODR Portal. The duly executed agreement shall be sent to the parties through text message and email, if any, for compliance with the terms and conditions of the agreement.

(v) If the parties duly execute the settlement agreement, the application for delayed payments will be closed, and the agreement will be entered into the database and will be available on the MSME ODR Portal, as per law. If the settlement is arrived at, qua MSE seller and some of the respondents, and not all the respondents to the delayed payment application, the application for delayed payments will be closed qua respondents with whom the case has been settled, and the agreement will be entered into the database and will be available on the MSME ODR Portal, as per law. The delayed payment application shall proceed qua other respondents with whom no settlement has been arrived at, as per the defined procedure. The proceedings will be entirely voluntary and confidential.

(vi) If the parties duly execute the settlement agreement that will be implemented over a period of time, the system will track and monitor the compliance with all the terms of the agreement by sending timely prompts. In case of non-compliance with the terms of the duly executed settlement agreement by any of the parties, within the agreed timeline including the payment terms contained in the agreement, the complete case record including the application for delayed payments, documents, reply, etc. shall be forwarded to the concerned MSEFC for the commencement of dispute resolution proceedings as per the procedure defined under the MSMED Act, 2006.

(vii) If Digital Guided Pathway proceedings do not result in a mutual settlement before the expiry of the prescribed timeline, the Digital Guided Pathway proceedings will terminate, and the parties shall enter into the formal MSEFC process that shall



be undertaken as mandated under the MSMED Act, 2006.

(viii) Digital Guided Pathway will be enabled by legal guides and manuals, FAQs, and video tutorials to facilitate the parties in navigating the MSME ODR Portal smoothly without the assistance of any intermediary. The Portal will be enabled by a 24*7 legal help desk or helpline to understand the legal processes and procedures.

12.4.14. UNMANNED NEGOTIATION UNDER PRE-MSEFC STAGE

(i) If any or all of the parties choose to opt out of the Digital Guided Pathway, or if the parties fail to arrive at any mutual settlement during the Digital Guided Pathway process, the parties will enter into the Unmanned Negotiation process on the MSME ODR Portal. The process is entirely voluntary, and the parties have the option to opt out of this process. For the sake of clarity, it is stated that the entire negotiation proceedings shall be entirely unmanned, that is, it will not be facilitated through a negotiator or mediator.

(ii) Unmanned Negotiation proceedings will be facilitated through the MSME ODR Portal. Unmanned Negotiation will enable the parties to the dispute to arrive at an out-of-court settlement through discussion and negotiation before entering into the formal process of dispute resolution under the MSMED Act, 2006.

(iii) Unmanned Negotiation proceedings shall be confidential and shall be undertaken in a separate virtual room where only the parties to the proceedings and his/ her nominated legal representative, if any, shall be allowed to enter to

maintain the confidentiality and legality of the Unmanned Negotiation proceedings.

(iv) If the parties have opted out of Digital Guided Pathway process, an automated communication will be sent to the parties through text message and email, if any, through MSME ODR Portal, immediately on opting out, that they will enter the Unmanned Negotiation if they fail to opt out of the process within two (2) days of the receipt of this communication.

(v) On the failure of Digital Guided Pathway process, automated communication will be sent to the parties through text message and email, if any, through MSME ODR Portal informing that the parties will enter the Unmanned Negotiation process if they fail to opt out of the process within two (2) days of the receipt of this communication. However, such an option will be subject to the time period prescribed for the pre-MSEFC stage.

(vi) An automated communication sent under para (iv) and (v) of 12.4.14 will also inform the parties that this process is completely voluntary and confidential and that the parties shall not be under obligation to come to a settlement in the Unmanned Negotiation pursuant to such proceedings.

(vii) If the parties fail to opt out within the prescribed time period, another automated communication will be sent to the parties which will contain the unique case number, case name, date, and time of the proceedings, at which the parties can appear on the Portal and discuss the case to arrive at a settlement. In case the parties have availed the Unmanned Negotiation process without availing the Digital Guided Pathway process, the first date shall



be fixed for no later than the sixth (6th) day of filing of the delayed payment application. Further dates shall be fixed as per the convenience of the parties, however, the same shall not exceed the timeline prescribed for undertaking the pre-MSEFC stage.

(viii) Such automated communication referred to in para (vii) of 12.4.14 shall also inform the parties that they have an option to file documents and a settlement proposal, if any, with each other facilitated by the Portal. Only the parties and their legal representatives, if any, shall have access to any of the documents and settlement proposal, if any, filed between the parties to reach a settlement. All the documents filed during Unmanned Negotiation proceedings shall be treated as confidential, and the parties shall not be able to rely on any part of such proceedings or produce any document/s or settlement proposal relied upon, in case of failure of Unmanned Negotiation proceedings.

(ix) Each of the parties will have an option to propose a solution to arrive at a mutual settlement through MSME ODR Portal. If the parties arrive at an amicable settlement based on the discussions during the Unmanned Negotiation process, a draft settlement agreement recording the terms and conditions of the agreement agreed upon by the parties will be generated for the perusal of the parties to the settlement. The parties will have an option to amend the clauses of the agreement by entering deviations in the proposed settlement agreement in the system. On arrival at a mutual agreement, the process shall be concluded by a duly executed settlement agreement signed by all the parties. Such an agreement shall be executed online, as permissible in law, through the MSME ODR Portal. A settlement agreement shall record the statement

that the settlement has been arrived at between the parties voluntarily and out of free will through the MSME ODR Portal. The duly executed agreement shall be sent to the parties by text message and email, if any, for compliance with the terms and conditions of the agreement.

(x) If the parties duly execute the settlement agreement, the application for delayed payments will be closed, and the agreement will be entered into the database and will be available on the MSME ODR Portal, as per law. If the settlement is arrived at, qua MSE seller and some of the respondents, and not all the respondents to the delayed payment application, the application for delayed payments will be closed qua respondents with whom the case has been settled, and the agreement will be entered into the database and will be available on the MSME ODR Portal, as per law. The delayed payment application shall proceed qua other respondents with whom no settlement has been arrived at, as per the defined procedure.

(xi) If the parties duly execute the settlement agreement that will be implemented over a period of time, the system will track and monitor compliance with all the terms of the agreement by sending timely prompts. In case of non-compliance with the terms of the duly executed settlement agreement by any of the parties, within the agreed timeline including the payment terms contained in the agreement, the complete case record including the application for delayed payments, documents, reply, etc., shall be forwarded to the concerned MSEFC for the commencement of dispute resolution proceedings as per the procedure defined under the MSME Act, 2006.



(xii) If the Unmanned Negotiation proceedings do not result in a mutual settlement before the expiry of the prescribed timeline, the Unmanned Negotiation proceedings will terminate, and the parties shall enter into the formal MSEFC process that shall be undertaken as mandated under the MSMED Act, 2006.

12.5. MSEFC STAGE

12.5.1. If the parties fail to arrive at any settlement at, or opt out of, the pre-MSEFC stage, the parties shall enter the MSEFC stage, which is a formal dispute resolution process.

12.5.2. The MSEFC stage shall be conducted through the MSME ODR Portal, as envisaged under the MSMED Act, 2006. The Act envisages two processes for dispute resolution: (1) Conciliation/Mediation, and (2) Arbitration. Both processes are mandatory as per the Act and are conducted in a tiered manner.

12.5.3. On receipt of a reference, the concerned MSEFCs either conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institute or centre for conducting conciliation. Where the parties fail to arrive at any settlement, the Council either itself takes up the dispute for arbitration or refers it to any institution or centre providing alternative dispute resolution services, and such arbitration shall be conducted under the aegis of the Arbitration and Conciliation Act, 1996.

12.5.4. MSEFCs shall adopt a procedure that is fair, transparent, and follows due process of law. The parties must be afforded the right to be heard. The parties will be provided with sufficient time to participate in proceedings. The arbitral awards decision must be supported with legal reasoning.

12.5.5. At the time of entering the formal legal process under the MSMED Act, 2006, an MSE seller and buyer/s shall make an undertaking that no other proceeding/s has been initiated or pending or disposed of, before any court of law or tribunal, with reference to the subject-matter of the delayed payment application between the same parties. In case, any other proceeding/s has been initiated or pending or disposed of, before any court of law or tribunal, with reference to the subject matter of the delayed payment application between the same parties, the parties shall provide the complete detail of the proceedings, along with relevant documents and orders of the same.

12.5.6. MSME ODR PORTAL AND EMPANELMENT OF INSTITUTIONS/ CENTRES CONDUCTING ONLINE CONCILIATION/MEDIATION AND ARBITRATION

(i) Qualified and experienced institutions or centres providing online mediation and/ or arbitration services may be empanelled as per the Guidelines for Empanelment of Institutions/ Centres for ADR/ ODR Services released by the Ministry of MSME.

(ii) A particular dispute may be referred to, by an MSEFC, from a directory of institutions/ centres on the MSME ODR Portal to eliminate bias and forum shopping. The allocation will be made based on a



round robin system to govern the allocation of institutions/ centres from a state-wise directory maintained on the Portal.

12.5.7. CONCILIATION/ MEDIATION UNDER THE MSEFC STAGE

(i) If any or all the parties choose to opt out of Digital Guided Pathway and/ or Unmanned Negotiation, or if the parties fail to arrive at any mutual settlement during the Digital Guided Pathway and/ or Unmanned Negotiation processes, or fail to adhere to the settlement terms arrived at Digital Guided Pathway and/ or Unmanned Negotiation processes, the parties will enter into mandatory Conciliation/ Mediation process as mandated under the MSMED Act, 2006.

(ii) Conciliation/ Mediation proceedings will be facilitated through the MSME ODR Portal. Conciliation/ Mediation proceedings will enable the parties to the dispute to arrive at a settlement through conciliation/ mediation facilitated by the conciliator/ mediator appointed for this purpose, as per the procedure under the MSMED Act, 2006.

(iii) Conciliation/ Mediation proceedings shall be confidential and shall be undertaken in a separate virtual room where only the parties to the proceedings and his/ her nominated legal representative, if any, and the conciliator/ mediator appointed for the case, shall be allowed to enter to maintain the confidentiality and legality of the conciliation/ mediation proceedings.

(iv) The concerned MSEFC will process the delayed payment application as per its territorial jurisdiction.

(v) Conciliation/ Mediation proceedings under the MSEFC stage will be deemed to have commenced on the date of the appointment of the conciliator/ mediator for mediating a dispute between the parties.

(vi) Following the opting out of the pre-MSEFC stage, or failure to arrive at settlement during the pre-MSEFC stage, or failure to adhere to the settlement terms arrived during the pre-MSEFC stage, the conciliation/ mediation proceedings will begin with transmission of an e-signed online notice/ summon to the parties through text messaging and email, if any, provided, through the means of MSME ODR Portal.

(vii) An e-signed online Notice/ Summon as provided under Para 12.5.7 (vi) shall contain the unique case number, case name, date, time, link, and venue of the proceedings, and shall also contain the information that conciliation or mediation proceedings are completely voluntary in nature. Such e-signed online Notice/ Summon shall also inform the parties that they have an option to file documents and a settlement proposal, if any, with each other facilitated by the Portal. Only the parties and their legal representatives, if any, and the conciliator/ mediator appointed for the case shall have access to any of the documents and settlement proposal, if any, filed between the parties to reach a settlement. All the documents and settlement proposal, if any, filed during the Conciliation/ Mediation proceedings shall be treated as confidential, and the parties shall not be able to rely on any part of such proceedings or produce any document/s or settlement proposal, if any, relied upon, in case of failure of Conciliation/ Mediation proceedings.



(viii) A copy of the delayed payment application along with supporting documents, if any, will also be sent to the buyer/s through text message and email, if any, provided through the MSME ODR Portal.

(ix) The first date shall be fixed for no later than the seventh (7th) day from the date of appointment of conciliator or mediator. Further dates shall be fixed as per the convenience of the parties.

(x) On appearance of any party or parties on the first date of conciliation/ mediation proceedings, MSEFC may either conduct the conciliation/ mediation proceedings itself or refer the conciliation/ mediation proceedings to the institute or centre providing online conciliation/ mediation services or online arbitration services by making a reference to such an institution or centre.

(xi) Such an institution/ centre may be appointed from a state-wise directory list of institutions/ centres on the MSME ODR Portal to eliminate bias and forum shopping. The allocation will be made based on a round robin system to govern the allocation of institutions/centres from a state-wise directory maintained on the MSME ODR Portal.

(xii) The institution or centre to whom a delayed payment application is referred to, shall appoint an a conciliator/ mediator providing such services from its panel of conciliators/ mediators, especially designated for this purpose. At the time of appointment, such a conciliator/ mediator shall provide an undertaking in a prescribed form declaring its independence and neutrality and that it is not linked to any of the parties to the dispute and that he or she has the necessary time to devote to the process.

(xiii) The concerned MSEFCs or conciliator/ mediator appointed by an institution or centre conducting online conciliation/ mediation services in collaboration with the appearing parties, may fix a time schedule for completing the conciliation/ mediation proceedings. It shall be endeavored to complete the conciliation/ mediation proceedings within ninety (90) days of commencement of the MSEFC stage.

(xiv) The parties will be informed that the conciliator/ mediator only facilitates in arriving at a decision to resolve the dispute(s) and that h/she cannot impose any settlement nor does the conciliator/ mediator give any assurance that the conciliation/ mediation will result in a settlement. The concerned MSEFC or institute/ centre to whom a reference is made for conciliation/ mediation only facilitates the communication between the disputing parties to arrive at a mutual settlement.

(xv) If the parties to a dispute arrive at a mutual settlement under conciliation/ mediation proceedings, a draft settlement agreement recording the terms and conditions of the agreement agreed upon by the parties will be generated for the perusal of the parties to the settlement. The parties will have an option to amend the clauses of the agreement by entering deviations in the proposed settlement agreement. On arrival at a mutual agreement, the process shall be concluded by a duly executed settlement agreement signed by all the parties and the conciliator/ mediator conducting conciliation/ mediation. Such an agreement shall be executed online, as permissible in law, through the MSME ODR Portal. The settlement agreement shall record the statement that the settlement has been arrived



between the parties voluntarily and out of free will through the MSME ODR Portal. The settlement agreement will be binding on the disputing parties and can be enforced like a consent decree through a competent court of law. A duly executed copy of the settlement agreement will be sent to the parties through text messaging and email, if any, provided through the means of the MSME ODR Portal for compliance and record.

(xvi) If the parties duly execute the settlement agreement, the application for delayed payments will be closed, and the settlement agreement will be entered into the database and will be available on the MSME ODR Portal, as per law. If the settlement is arrived at, qua MSE seller and some of the respondents, and not all the respondents to the delayed payment application, the application for delayed payments will be closed qua respondents with whom the case has been settled, and the agreement will be entered into the database and will be available on MSME ODR Portal, as per law. The delayed payment application shall proceed qua other respondents with whom no settlement has been arrived at, as per the defined procedure.

(xvii) If the parties duly execute the settlement agreement that will be implemented over a period of time, the system will track and monitor the compliance with all the terms of the agreement by sending timely prompts. In case of non-compliance with the terms of the duly executed settlement agreement by any of the parties, within the agreed timeline, the concerned party may file the settlement agreement for enforcement before the competent court of law.

(xviii) If the parties fail to arrive at any settlement within time as may be prescribed for such proceedings, the concerned MSEFC, or the institute or centre may record the failure to arrive at a mutual settlement and refer the dispute back to the concerned MSEFC, in case the conciliation proceedings are being conducted by the institute or centre providing conciliation services.

12.5.8. ARBITRATION UNDER THE MSEFC STAGE

(i) If the conciliation/ mediation process fails, that is, it does not result in the settlement of the dispute between the parties, the parties will be referred for statutory arbitration mandated under the MSMED Act, 2006. The arbitration proceedings will be facilitated through the MSME ODR Portal.

(ii) Arbitration proceedings under the MSEFC stage will be deemed to have commenced as per the procedure laid down under the Arbitration and Conciliation Act, 1996. The arbitration proceedings shall be conducted as per the provisions of the Arbitration and Conciliation Act, 1996.

(iii) Following the failure to arrive at a settlement during the conciliation/ mediation proceedings, the parties will enter the arbitration stage wherein an e-signed online notice/summons to the parties will be transmitted through text messaging and email, if any, provided through the means of the MSME ODR Portal.

(iv) An e-signed online Notice/ Summon as provided under Para 12.5.8 (iii) shall inform the parties about the initiation of arbitration proceedings under the MSMED Act, 2006, on failure of the conciliation/ mediation process. A



notice/summon will contain the unique case number, case name, date, time, link, and venue of the proceedings. A notice will also inform the parties whether the arbitration will be conducted by the concerned MSEFC or the name of the institution or centre to which the application has been referred to for conducting arbitral proceedings.

(v) Such an institution/ centre may be appointed from a state-wise directory of institutions/ centres on the MSME ODR Portal to eliminate bias and forum shopping. The allocation will be made based on a round robin system to govern the allocation of institutions/centres from a state-wise directory maintained on the MSME ODR Portal.

(vi) The institution or centre to which a delayed payment application is referred to shall appoint an independent and neutral arbitrator providing such services from its panel of arbitrators especially designated for this purpose. Any of the parties may raise an objection to the appointment before the competent authority and as per the procedure prescribed under law.

(vii) At the time of appointment, such arbitrator shall provide an undertaking in a prescribed form declaring its independence and neutrality and that it is not linked to any of the parties to the dispute and that he or she has the necessary time to devote to the process. Such an undertaking shall be sent to the parties through text messaging and email, if any, provided through the means of the MSME ODR Portal.

(viii) On appearance of any party or parties on the first date of arbitral proceedings, MSEFC or the arbitrator appointed by the institute or centre for conducting arbitral proceedings shall inform an MSE

seller that it can either adopt the application or claim filed earlier or can file a fresh claim for adjudication before the arbitral tribunal, along with supporting documents. A similar opportunity will also be provided to the MSE buyer/s. The entire proceedings shall be conducted online through the means of the MSME ODR Portal, and the complete case record, documents, orders, case status, etc. of the proceedings will be available on the MSME ODR Portal, as per the applicable law.

(ix) The concerned MSEFCs or arbitrator appointed by an institution or centre for conducting online arbitration in collaboration with the appearing parties, may fix a time schedule for completing the conciliation/ mediation proceedings. It shall be endeavored to complete the arbitration proceedings within ninety (90) days of commencement of the arbitration proceedings.

(x) If the buyer/s fails to appear before the arbitral tribunal, the arbitral tribunal, after satisfying itself that online notice/ summons through the MSME ODR Portal has been effectively served on the buyer/s, will proceed with arbitration proceedings in the absence of the buyer/s after following the due process of law.

(xi) After the completion of pleadings, the arbitral tribunal will proceed to the evidence stage, which shall be conducted online through the Portal. The arbitral tribunal may provide such hearings as deemed necessary. The tribunal will afford a fair hearing to both parties. The tribunal, at all times, will be guided by the principles of fairness, natural justice, and due process of law. The procedure should ensure that the parties are provided sufficient time to participate in proceedings.



(xii) After the completion of the evidence stage, the parties will lead their final arguments/submissions orally or in writing or both, as mutually decided or directed by the arbitral tribunal. At any stage during the arbitration proceedings, the parties may arrive at a mutual settlement. If any settlement is arrived at, the parties will file an application stating the factum of settlement before the Tribunal conducting the proceedings. If a duly executed settlement is arrived at during the pendency of arbitration proceedings, a consent award will be passed by the arbitral tribunal based on the terms of the settlement agreement. A consent award passed will be sent to the parties through text messaging and email, if any, provided, through the means of the MSME ODR Portal for compliance and record.

(xiii) After the completion of final arguments/submissions online, the tribunal will proceed to pass a reasoned award through the Portal. An award shall be duly signed and stamped online, as permissible under law. A duly signed and stamped arbitral award will be sent to the parties for compliance and/ or enforcement. A copy of the arbitral award will be available online, as permissible under law. The arbitral award shall be binding on all the parties.

(xiv) After the passing of the arbitral award, the Portal shall track the compliance with the award passed, which will be reported by the concerned MSEFCs/ parties to the dispute. The venue and seat of the online proceedings shall be deemed to be the place where the concerned MSEFC, under whose jurisdiction the dispute falls, is located.



13. EVALUATION AND MONITORING

13.1. Scheme Steering Committee (SSC) will guide, review, monitor, and provide overall direction for the implementation of the Scheme. The Committee will have overall responsibility for policy formulation, scheme implementation, and monitoring. It will be empowered to approve the release of funds to the implementing agencies. The SSC will take all key decisions related to the scheme and recommend modifications/procedural changes in the guidelines for operational expediency. The SSC will hold its meetings periodically or as required.

The constitution of the Scheme Steering Committee is as under –

1.	Additional Secretary and Development Commissioner (MSME)	Chairman
2.	JS (AFI), Ministry of MSME	Member
3.	JS (Policy), Ministry of MSME	Member
4.	JS, Ministry of Electronics and Information Technology	Member
5.	JS, Department of Justice, Ministry of Law and Justice	Member
6.	Economic Adviser, IFW, Ministry of MSME	Member
7.	Representative of NICSII (not below the rank of GM)	Member
8.	Director (RAMP)	Member
9.	Director (ODR)	Member Secretary
10.	Any other co-opted member with the permission of the Chair	

14. EXPERT ADVISORY COMMITTEE

14.1. The Expert Advisory Committee on Online Dispute Resolution (EAC – ODR) will review the existing framework for addressing the issue of delayed payments, advise on development, as well as the technical and legal design of the MSME ODR Portal. The Expert Advisory Committee will advise on the guidelines for accreditation of neutrals, model procedural rules for ODR, the mechanism for creating a legal aid facility, and any other matter relating to operationalization of the ODR Portal or issues incidental thereto.

The constitution of the Expert Advisory Committee on Online Dispute Resolution (EAC-ODR) is as under –



1.	Joint Secretary (AFI), MoMSME (<i>ex-officio</i>)	Chairman
2.	Representative of the Department of Legal Affairs, Ministry of Law and Justice (<i>not below the rank of Director</i>)	Member
3.	Representative of the Ministry of Electronics and Information Technology (<i>not below the rank of Director</i>)	Member
4.	Representative of the Department of Consumer Affairs (<i>not below the rank of Director</i>)	Member
5.	Representative of Niti Aayog	Member
6.	Managing Director, NICSI	Member
7.	Two representatives of National Law Universities	Member
8.	Sh. Rohit Kumar, Advocate-on-Record, Supreme Court of India	Member
9.	Ms. Radhika Dubey, Representative from Bar	Member
10.	Representative from SEBI	Member
11.	Representative from an ADR Institute	Member
12.	Director (ODR), Ministry of MSME (<i>ex-officio</i>)	Member Convener

15. REMOVAL OF AMBIGUITY

- 15.1.** Notwithstanding anything contained above, the Ministry of MSME may issue such instructions as may be necessary to implement the above guidelines. If any difficulty or ambiguity arises in giving effect to these provisions, the Ministry of MSME may issue appropriate directions, which shall be binding on all the stakeholders and beneficiaries.
- 15.2.** Insofar as the interpretation of any of the provisions of these guidelines, the decision of the Scheme Steering Committee (SSC) shall be final.