

Government launches Vivad se Vishwas scheme for relief to COVID-affected MSMEs

The Ministry of Finance has introduced a scheme called 'Vivad se Vishwas I – Relief to MSMEs' to support Micro, Small, and Medium Enterprises (MSMEs) during the COVID-19 pandemic. Under this scheme, if an MSME fails to fulfill contracts during the COVID-19 period, the government and government undertakings will return 95% of the forfeited amount related to bid or performance security. In total, the scheme offers the following benefits by way of a refund to eligible MSMEs affected by the pandemic:

1. 95% refund of performance security forfeited,
2. 95% refund of bid security,
3. 95% refund of liquidated damages (LD) deducted and
4. 95% refund of risk purchase amount realized.

The pre-conditions for claiming refunds are

1. The concerned MSME must be registered as a Medium, Small or Micro Enterprise as per the relevant scheme of the Ministry of MSME on the date of claim by the supplier/contractor. (MSME could be registered for any category of goods and services.)
2. The original delivery period/ completion period stipulated in the contract was between 19 February 2020 and 31 March 2022 (both dates inclusive).

If a firm has been debarred solely due to contract execution failure, the debarment will be lifted upon issuance of an appropriate order by the procuring entity. The deadline for submitting claims under the scheme is 30 June 2023.

Weblink <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1921382>

Therefore

MSMEs are growth engines of the Indian economy. The relief provided under this scheme is in continuation to the efforts of the government in promoting and sustaining the MSME sector. 'Vivad se Vishwas' scheme will provide a huge relief to the pandemic-affected MSMEs.