



MSME Development (Amendment) Bill, 2026 Passed by Parliament

The **Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026** has been passed by Parliament, bringing important reforms aimed at strengthening India's MSME sector, improving liquidity and creating a more business-friendly regulatory environment.

The amendments are particularly relevant to **manufacturing and plastics industry MSMEs**, which form an important part of India's industrial and supply-chain ecosystem.

Key provisions include an updated **MSME classification framework** based on investment and turnover, along with permanent recognition of the **Udyam Registration Portal** as a free and voluntary digital platform.

The Bill also strengthens mechanisms for addressing **delayed payments**, introducing Online Dispute Resolution (ODR) and defined timelines for mediation and arbitration. Recovery of mediated settlements and arbitral awards has also been strengthened. In cases where appeals remain pending beyond six months, courts may direct payment of at least **50% of the awarded amount**.

To improve working capital and cash flow, **Central Public Sector Enterprises (CPSEs)** will route MSME invoice settlements through **TReDS**, with States encouraged to adopt similar measures.

The amendments further provide for multiple **MSE Facilitation Councils** and introduce graded civil penalties, supporting a more trust-based regulatory framework.

For the plastics and manufacturing sector, these measures can contribute to **better cash-flow management, faster payment realisation, reduced compliance burdens and a stronger environment for MSME-led growth and investment**.

Founder Members

- The All India Plastics Manufacturers Association, Mumbai • Organization of Plastics Processors of India, Mumbai
 - Indian Plastics Institute, Mumbai • Indian Plastics Federation, Kolkata
- Gujarat State Plastic Manufacturers Association, Ahmedabad • The Plastics Export Promotion Council, Mumbai
 - Central Institute of Petrochemicals Engineering & Technology, Chennai