

Interest on Delayed Payments tot Small Scale and Ancillary Industrial
Undertakings Act, 1993

[2nd April, 1993.]

An Act to provide for and regulate the payment of interest on
delayed payments to small scale and ancillary industrial
undertaking and for matters connected therewith or
incidental thereto.

BE it enacted by Parliament in the forty-fourth Year of the
Republic of India as follows:-

1. Short title, extent and commencement.

(1) This Act may be called the Interest on Delayed
Payments tot Small Scale and Ancillary Industrial
Undertakings Act, 1993.

(2) It extends to the whole of India, except the State of
Jammu and Kashmir.

(3) It shall be deemed to have come into force on the 23rd
day of September, 1992.

2. Definitions.

In this Act, unless the context otherwise requires, -

(a) "Ancillary industrial undertaking" has the meaning
assigned to it by clause (aa) of section 3 of the

Industries (Development and Regulation) Act, 1951;
(65 of 1951)

- (b) "Appointed day, means the day following immediately after the expiry of the period of thirty days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Explanation,- For the purposes of this clause, -

- (i) 'The day of acceptance' means, -

(a) The day of the actual delivery of goods or the rendering of services; or

(b) Where any objection is made in writing by the buyer regarding acceptance of goods or services within thirty days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

- (ii) 'The day of deemed acceptance' means, where no objection is made in writing by the buyer regarding acceptance of goods or services within thirty days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

- (c) 'Buyer' means whoever buys any goods or receives any services from a supplier for consideration;

- (d) 'Goods' means every kind of movable property other than actionable claims and money;
- (e) 'Small scale industrial undertaking' has the meaning assigned to it by clause (j) of section 3 of the Industrial (Development and Regulation) Act, 1951; (65 of 1951)
- (f) 'Supplier' means an ancillary industrial undertaking or a small scale industrial undertaking holding a permanent registration certificate issued by the Directorate of Industries of a State or Union territory.

3. Liability of buyer to make payment.

Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefore on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day.

4. Date from which and rate at which interest is payable.

Where any buyer fails to make payment of the amount to the supplier, as required under section 3 the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay interest to the supplier on that amount from the appointed day or, as the case may be, from the day immediately following the date agreed upon, at such rate which is five per cent. points above the floor rate for comparable lending.

Explanation. For the purposes of this section, 'floor rate for comparable lending' means the highest of the minimum lending rates charged by scheduled banks (not being co-operative banks) on credit limits in accordance with the directions given or issued to banking companies generally by the Reserve Bank of India under the Banking Regulation Act, 1949.(10 of 1949).

5. Recovery of amount due.

Notwithstanding anything contained in any agreement between a supplier and a buyer or in any law for the time being in force, the buyer shall be liable to pay compound interest (with monthly interest) at the rate mentioned in section 4 on the amount due to the supplier.

6. Liability of buyer to pay compound interest.

The amount due from a buyer, together with the amount of interest calculated in accordance with the provisions of section 4 and 5, shall be recoverable by the supplier from the buyer by way of a suit of other proceeding under any law for the time being in force.

7. Appeal.

No appeal against any decree, award or other order shall be entertained by any court or other authority unless the appellant (not being a supplier) has deposited with it seventy-five per cent. of the amount in terms of the decree, award or, as the case may be, other order in the manner directed by such court or, as the case may be, such authority.

8. Requirement to specify unpaid amount with interest in the annual statement of accounts.

Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall specify the amount together with the interest in his annual statement of accounts as remains unpaid to any supplier at the end of each accounting year.

9. Interest not to be allowed as deduction from income.

Notwithstanding anything contained in the Income-tax Act, 1961, (43 of 1961) the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

10. Overriding effect.

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

11. Repeal and saving.

- (1) The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Ordinance, 1993 (Ord.4 of 1993) is hereby repealed.
- (2) Notwithstanding such repeal, anything done or any action taken under the Ordinance so repealed shall be deemed to have been done or taken under the corresponding provisions of this Act.

