

If You Are an MSME: “A New Platform for Fast Dispute Resolution as an Alternative to Traditional Litigation”



MSME Dispute Resolution (ODR) is a statutory mechanism under the MSME Development Act, 2006 (Sections 15–18) designed to provide fast and effective Resolution of Payment and Contractual Disputes faced by MSME Suppliers.

Through this platform, MSMEs can **Recover Delayed Payments,**

Claim statutory **Compound Interest** on overdue amounts, and resolve disputes arising from supply of goods or services, **Breach Of Work Orders, Purchase Orders, or Unpaid Invoices.**

Only Udyam-registered Micro, Small, and Medium Enterprises (**MSME**) acting as **Suppliers** are eligible to file complaints under **MSME ODR**. The complaint can be filed **Online and Digitally Monitor** against any buyer, including **Private Companies, Public Sector Undertakings, or Government Departments**, Irrespective of the buyer’s MSME status. **Buyers themselves and Non-Registered Entities Are Not Eligible** to initiate proceedings under this mechanism.

The process begins with an **online application** supported by invoices and proof of supply, followed by conciliation to **Attempt Amicable Settlement**. If conciliation fails, the matter proceeds to **Arbitration**, culminating in an **Award** that is enforceable as a civil court decree. Notably, a buyer must **Deposit 75% of**



the Awarded Amount To Challenge The Decision, providing strong protection to MSMEs.

Compared to **Traditional Court Litigation**, MSME ODR offers significant advantages, including **Faster Resolution**, lower costs, simplified online procedures, mandatory statutory interest on delayed payments, and stronger enforcement. It is therefore a practical and MSME-friendly alternative to conventional legal remedies.

The best mode of recovery needs to be identified at the right time. The facts and circumstances of each case need to be dealt with through different modes of recovery. To

save time and cost, choosing the appropriate mode of litigation plays an important role

Contributed by

Astrea Legal Associates LLP

www.astrealegal.com

***Note:** This publication is provided for general information and does not constitute any legal opinion. This publication is protected by copyright. © 2025, Astrea Legal Associates LLP*