MSMED Amendment Act 2026: What Changed on 15 October 2026

A section 22 lapse now starts with a warning, not a fine; TReDS settlement for Central Public Sector Enterprises; a national registration platform

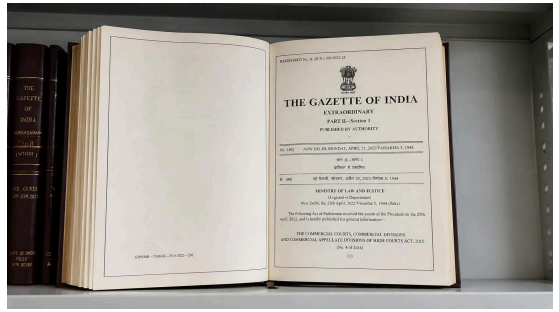
Act No. 16 of 2026 · Section 22 · Section 15A · Section 27

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What is in force, and from when

The Act received the President's assent and was published in the Gazette on 13 August 2026. Section 1(2) lets the Central Government bring provisions into force on different dates. The consolidated MSMED Act on India Code, as on 15 October 2026, records these dates:



Amending section	What it changes	In force from
s.4	Section 7(1): classification by notification on both investment and turnover	15 Oct 2026
s.5	Section 8: national digital platform for free and voluntary registration	15 Oct 2026
s.7	New section 15A: TReDS settlement for CPSE purchases from MSMEs	15 Oct 2026
s.13	New section 22A: CPSEs disclose invoices settled on TReDS	15 Oct 2026
s.14	Section 27 graded penalties and new section 27A adjudication	15 Oct 2026
s.12	Section 21: new Facilitation Council composition	15 Dec 2026

Four changes that matter

1

Graded penalties (section 27): a warning first, then money penalties that rise with each repeat.

2

TReDS for CPSEs (section 15A): every Central Public Sector Enterprise routes settlement of invoices for goods or services bought from MSMEs through a TReDS platform authorised by the Reserve Bank, in the form and manner prescribed by the Central Government.

3

Registration (section 8): the Central Government shall notify a national digital platform for free and voluntary filing of the registration memorandum.

4

Adjudication (section 27A): the Development Commissioner imposes penalties after a hearing; appeal to the Secretary of the MSME Ministry within 30 days.



The penalty ladder: before and after 15 October 2026

Buyer contravenes section 22	Section 27(2) before 15 Oct 2026	Section 27(2) from 15 Oct 2026
First instance	Fine of not less than Rs 10,000	Warning
Second instance	Fine of not less than Rs 10,000	Penalty Rs 10,000 to Rs 50,000
Third or later	Fine of not less than Rs 10,000	Fine Rs 50,000 to Rs 1 lakh

Section 27(1): wilfully false information in the section 8 memorandum, or failure to comply with section 26(2): warning first, then a penalty of Rs 1,000 to Rs 50,000

Unpaid penalty is recovered as an arrear of land revenue

10%

penalties rise by 10% of the minimum after every three years from commencement, as may be notified by the Central Government (section 27(3))



Who it reaches, and what stays the same

Covered

- Any buyer required to get its annual accounts audited under any law: section 22 disclosure of amounts unpaid to suppliers that are micro or small enterprises
- Every CPSE: sections 15A and 22A
- Anyone filing an MSME registration memorandum: section 27(1)

Unchanged or not yet in force

- Section 15 (45-day cap on the agreed credit period) and section 22 itself are not amended
- Amending sections 8 to 10 (90-day mediation and award limits, recovery as arrear of land revenue under new section 18A, 75% pre-deposit to challenge an award) are not marked in force; the consolidated text still prints the earlier sections 18 and 19

Impact by stakeholder



CA professionals:

a client's section 22 disclosure lapse was punishable with a fine of at least Rs 10,000; it now meets a warning first, then a penalty adjudicated by the Development Commissioner, then a fine.

Founders and startups:

as a buyer with audited accounts, a first lapse in your year-end schedule of dues to micro and small suppliers draws a warning; each repeat costs more. As an MSME supplying a CPSE, settlement moves to TReDS.

MSMEs and business owners:

wilfully false information in the registration memorandum, or ignoring an information order under section 26(2), draws a warning and then a penalty of Rs 1,000 to Rs 50,000.

Four caveats

1

Dispute changes are not in force: do not rely on the new 90-day timelines or the 75% deposit until amending sections 8 to 10 commence by Gazette notification.

2

Form and manner: sections 15A and 22A apply in the form and manner prescribed by the Central Government.

3

Classification limits: amended section 7(1) sets no limits itself; they come by Central Government notification, and existing notifications continue so far as consistent (section 17).

4

Repeats escalate: the second section 22 contravention is a penalty; the third is a fine.

Action plan and key dates

1. Check whether your accounts are audited under any law
2. Identify suppliers that are micro or small enterprises with a filed memorandum
3. Show unpaid principal and interest separately at year end, as section 22 requires
4. Supplying a CPSE? Get onboarded on a TReDS platform authorised by the Reserve Bank
5. Watch for commencement of amending sections 8 to 10

13 Aug 2026:	assent and Gazette
15 Oct 2026:	most amendments in force
15 Dec 2026:	new Council composition

Source: Ministry of Law and Justice, MSMED (Amendment) Act, 2026 (No. 16 of 2026), Gazette of India, 13 August 2026, egazette.gov.in; MSMED Act, 2006, consolidated as on 15 October 2026 and text before Act No. 16 of 2026, indiacode.gov.in

