

DEPARTMENT OF INDUSTRIES	
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Receipt No. 177	

*Chandigarh  
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CHANDIGARH ADMINISTRATION  
HOME DEPARTMENT

NOTIFICATION

Chandigarh Dated, the 26-02-2018

Receipt No. 177  
NRI/176-(Part-III)-III(6)-2018/4107

In exercise of the powers conferred by Sub-

Section (1) read with Sub-Section (2) of Section 30 read with Sub Section (3) of the Section 21 of **Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), and in supersession of earlier Rules issued vide no. 4/176-Part I-III(3)-2012/12605 dated 25.06.2012,** the Administrator of Union Territory, Chandigarh is hereby pleased to make the following rules for facilitating the working of Micro and Small Enterprises Facilitation Council/s (MSEFC/s):

Particulars
<p><b>1. Short title and commencement:</b></p> <p>(i) These rules may be called the Chandigarh, Micro and Small Enterprises Facilitation Council Rules, 2017.</p> <p>(ii) They shall extend to the whole of Union Territory of Chandigarh.</p> <p>(iii) They shall come into force from the date of their Publication in the Official Gazette of Chandigarh.</p>
<p><b>2. Definitions:</b> In these rules, unless the context otherwise requires-</p> <p>(i) "Act" means the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);</p> <p>(ii) "Arbitration and Conciliation Act" means the Arbitration and Conciliation Act, 1996 (26 of 1996),</p> <p>(iii) "Council" means the Chandigarh, Micro and Small Enterprises Facilitation Council established by the Union Territory of Chandigarh under section 20 of the Act;</p> <p>(iv) "Chairperson" means the Chairperson of the Council appointed under clause (i) of Sub-section (1) of section 21 of the Act;</p> <p>(v) "Government" means the Government of Union Territory of Chandigarh, in the Department of Industries/MSME.</p> <p>(vi) "Administrator" means Administrator of the Union Territory of Chandigarh. All reference to Government hereinafter shall, in the case of the Union Territory of Chandigarh mean the Administrator.</p> <p>(vii) "Institute" means any institution or centre providing alternate dispute resolution service referred to in sub-section (2) and (3) of section 18 of the Act.</p> <p>(viii) "Member" means a member of the Council;</p> <p>(ix) "MSE unit" means a micro or small enterprise as per the provisions of Act.</p> <p>(x) "Section" means a section of the Act;</p> <p>(xi) The words and expressions used and not defined, but in the Act shall have the meanings assigned to them in the MSMED Act, 2006.</p>
<p><b>3. Setting up of the MSEFC</b></p> <p>(i) The Government shall establish at least one Micro &amp; Small Enterprises Facilitation Council (MSEFC). However, if the work so demands, it can also set up more MSEFCs exercising such jurisdiction and for such area as may be specified in the Notification.</p> <p>(ii) The Government may also give secretariat assistance to MSEFC so appointed. It may also designate some official of the Secretariat to work as the Secretary to the Council who can be empowered by MSEFCs to issue notices or orders on behalf of the Council.</p> <p>(iii) The Government may provide a legal expert to assist the Council.</p> <p>(iv) The fee and/or processing charges to be paid while filing application to the Council shall be 0.1 per cent of submitted total claim or Rs. 2500/- whichever is higher.</p> <p>(v) The Secretariat for Council may have its own seal.</p>
<p><b>4. Manner of appointment of Chairperson:</b></p> <p>The Government shall appoint Director of Industries Department as Chairperson of the Council keeping in view the provisions as exist in Sub-Clause (i) of Clause (1) of Section 21 of the Act. However, another senior officer can also be designated as Director of Industries for a limited purpose of being the Chairperson of the Council.</p>
<p><b>5. Manner of Appointment and Term of Members of MSEFC</b></p> <p>(i) The MSEFC shall consist of not less than 3 but not more than 5 members, including the Chairperson.</p>

- (ii) Members shall be appointed as per provisions of Clause (ii), (iii) and (iv) of Sub-Section (1) of Section 21 of the Act.
- (iii) A member appointed under clauses (ii), (iii) and (iv) of sub-section(I) of section 21 shall cease to be a member of the council if he or she ceases to represent the category or interest in which he or she was so appointed.
- (iv) When a member of the council dies or resigns or is deemed to have resigned or is removed from office or becomes incapable of acting as a member, the Government may appoint another person to fill that vacancy.
- (v) Any member of the Council may resign from the Council by tendering one month's notice in writing to the Government. The power to accept the resignation of a member shall vest in the Government.
- (vi) The term of members of MSEFC shall be 5 years and the Secretary Industries/Director Industries is competent to relieve the said member who has completed the said period i.e. 5 years and thereafter, appointment of new member shall follow.
- (vii) The Government may remove any member from office:-
  - a) if he is of unsound mind and stands so declared by a competent court; or
  - b) if he becomes bankrupt or insolvent or suspends payment to his creditors; or
  - c) if he is convicted of any offence which is punishable under the Indian Penal Code (Act XLV of 1860), or
  - d) if he abstains himself/herself from three consecutive meetings of the Council without the leave of the Chairperson, and in any case from five consecutive meeting ; or
  - e) acquires such financial or other interest as is likely, in the opinion of the Government, to affect prejudicially his functions as a member.

**6. Honorarium to the Members of the Council:**

The remuneration, honorarium or fees and any allowances that may be paid to the members shall be at rates as approved/notified by the Government.

**7. Procedure to be followed in the discharge of functions of the Council –**

- (i) An aggrieved MSE unit can move a reference to the MSEFC having jurisdiction of the area in the format provided as Schedule I of these rules. The reference must have the Udyog Aadhar Memorandum (UAM) number, mobile number and email address of aggrieved MSE unit as provided in Schedule I.
- (ii) Such references should be attached with fee or processing charges as notified by the Government, vide para 3 (iv) above and with an undertaking from aggrieved MSE unit that it has not moved a reference before the Civil Court on the same dispute.
- (iii) Upon receipt of references from the supplier MSE unit, the Secretariat of the Council shall enter the data in the web portal created for this purpose.
- (iv) After entering the data, acknowledgement of the receipt of reference shall be issued by the Secretariat to the applicant MSE unit through email.
- (v) The Council may examine the reference at preliminary stage to check regarding the fee or competency of MSE unit to file the reference.
- (vi) In case if the reference or the particulars entered in it are not found to the satisfaction of Council, it may return the reference.
- (vii) The Council shall either itself conduct conciliation in the matter or seek the assistance of any institute for conducting the conciliation and if it decides to do so, shall refer the parties to the Institute.
- (viii) The Institute to which the issue is referred will make efforts to bring about conciliation and it shall submit its Report to the Council as soon as possible, usually within 15 days from reference to the Council.
- (ix) Where the conciliation is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for further action, i.e, arbitration or refer it to an 'institute' for the same.
- (x) If the matter is referred to the institute, the institute shall arbitrate the issue as per the provisions of Arbitration and Conciliation Act, 1996 and refer the award to the Council.
- (xi) The Council after finalising the award, or receiving the award from the Institute shall consider the case and pass appropriate final orders in the matter.

**8. Meetings of the Council and Quorum:**

- (i) The meeting of the Council shall be ordinarily held after giving seven days notice.
- (ii) However, in case of urgency, it can be called at such short notice as the Chairperson may find suitable.
- (iii) All the notices/ communication for the meeting shall be informed to the petitioner including through SMS and email.
- (iv) The Council shall hold regular meetings, at least once a month.
- (v) The quorum of meeting will be two in case if the number of members is three or four, and it will be three if the number of members is five.

**9. Decisions of the MSEFC**

- (a) Any decision of the Council shall be made by a majority of its members present at the meeting of the Council.
- (b) Every reference made under Section 18 to the MSEFC shall be decided within a period of ninety days from the date of making such a reference.
- (c) The Secretariat shall upload the proceedings of every meeting of the Council on the web portal created for the purpose.
- (d) No application for setting aside any decree, award or other order made either by the Council itself or by any institution or centre providing alternate dispute resolution services to which a reference is made by the Council, shall be entertained by any court 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, the other order, as the case may be, in the manner directed by such court.

**10. Progress Report**

- (i) The Council shall upload the basic information including the annual progress report of the Council on the web portal created for the purpose.
- (ii) The Council shall provide information to the Member Secretary of the National Board for Micro, Small and Medium Enterprises as defined in the Act in the manner and form required from time to time.

**11. Removal of difficulties**

- (i) All the proceedings initiated as per earlier Rules shall continue unabated.
- (ii) If any difficulty arises during the course of implementation of these Rules, the same shall be clarified by the Central Government.

Chandigarh dated  
the

Ajoy Kumar Sinha, IAS  
Secretary Industries,  
Chandigarh Administration

Endst. No.4/1/76(Part-II)-HII(6)-2018/

Chandigarh, dated the

A copy is forwarded to the Controller, Printing & Stationery, Union Territory, Chandigarh with the request that this notification may be published in the Chandigarh Administration, Gazette (Extra ordinary) and 30 copies thereof be supplied to this Administration for official use.

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Additional Secretary Industries  
for Secretary Industries,  
Chandigarh Administration  
Chandigarh, dated the

Endst. No.4/1/76(Part-II)-HII(6)-2018/

A copy is forwarded to the Additional Secretary & Development Commissioner, Micro, Small and Medium Enterprises, Nirman Bhawan, New Delhi, w.r.t. letter No. 1(4)/2015-MSME Pol. dated 13.06.2017 for information and necessary action.

*map*

Additional Secretary Industries  
for Secretary Industries,  
Chandigarh Administration

Endst. No.4/1/76-(Part-II)-HII(6)-2018/4/10

Chandigarh, dated the 26-02-2018

A copy is forwarded to the Director Industries, Union Territory, Chandigarh for information and necessary action.

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Additional Secretary Industries  
for Secretary Industries,  
Chandigarh Administration

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