



# കേരള ഗസറ്റ് KERALA GAZETTE

## അസാധാരണം EXTRAORDINARY

ആധികാരികമായി പ്രസിദ്ധപ്പെടുത്തുന്നത്  
PUBLISHED BY AUTHORITY

വാല്യം 12  
Vol. XII

തിരുവനന്തപുരം,  
ബുധൻ

Thiruvananthapuram,  
Wednesday

2023 മാർച്ച് 22  
22nd March 2023

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GOVERNMENT OF KERALA

**Industries (B) Department**

NOTIFICATION

G. O. (P) No. 24/2023/ID.

*Dated, Thiruvananthapuram, 13th March, 2023*

*29th Kumbham, 1198*

*22nd Phalguna, 1944.*

**S. R. O. No. 400/2023**

In exercise of the powers conferred by sub-section (1) of section 30 of the Micro, Small and Medium Enterprises Development Act, 2006 (Central Act 27 of 2006) and in supersession of the Kerala Micro and Small Enterprises Facilitation Council Rules, 2019 issued by notification under G. O. (P) No. 23/2019/Ind. dated 22nd October, 2019 and published as S.R.O. No. 947/2019 in the Kerala Gazette Extraordinary No. 2972 dated 3rd December, 2019, the Government of Kerala hereby make the following rules, namely:—



## RULES

1. *Short title and commencement.*—(1) These rules may be called the Kerala Micro and Small Enterprises Facilitation Council Rules, 2023.

(2) It shall come into force at once.

2. *Definitions.*—(1) In these rules, unless the context otherwise requires,—

(a) “Act” means the Micro, Small and Medium Enterprises Development Act, 2006 (Central Act 27 of 2006);

(b) “Arbitration and Conciliation Act” means the Arbitration and Conciliation Act, 1996 (Central Act 26 of 1996);

(c) “Chairperson” means the Chairperson of the Council appointed under clause (i) of sub-section (1) of section 21 of the Act;

(d) “Council” means the State Micro and Small Enterprises Facilitation Council and Regional Micro and Small Enterprises Facilitation Council, established by the Government under section 20 of the Act;

(e) “Government” means the Government of Kerala;

(f) “Institute” means any institution or centre providing alternate dispute resolution services referred to in sub-sections (2) and (3) of section 18 of the Act;

(g) “member” means a member of the Council;

(h) “MSE unit” means a Micro or Small Enterprise as per the provisions of the Act;

(i) “Registration” means Udyam Registration or any other Registration issued by Ministry of Micro, Small and Medium Enterprises, Government of India.

(2) The words and expressions used but not defined in these rules and defined in the Act shall have the meanings, respectively assigned to them in the Act.



3. *Setting up of the Council.*—(1) The Government shall, establish State Micro and Small Enterprises Facilitation Council at the Directorate of Industries and Commerce, Thiruvananthapuram and three Regional Micro and Small Enterprises Facilitation Councils at District Industries Centres Thiruvananthapuram, Ernakulam and Kozhikode.

(2) The Government shall designate the Director of Industries and Commerce, and the General Manager of the District Industries Centre as the Chairperson to the State Council and Regional Council respectively to issue notices or orders on behalf of the Council.

(3) The Law Officer, Directorate of Industries and Commerce shall be the Legal Expert of the State Micro and Small Enterprises Facilitation Council. The State and Regional Micro and Small Enterprises Facilitation Council can seek legal assistance, if necessary, at the discretion of the Council from legal experts empanelled by Government for this Purpose.

(4) The secretariat of the State Council shall be the Directorate of Industries and Commerce and that of the Regional Council shall be District Industries Centre, Thiruvananthapuram, District Industries Centre, Ernakulam and the District Industries Centre, Kozhikode.

(5) Each reference should be attached with fee or processing charges of ₹ 1000 (Rupees One thousand only) by a Demand Draft in favour of the Chairperson concerned in respect of the State and Regional Micro and Small Enterprises Facilitation Councils as may be approved by the Government and with an undertaking from the aggrieved MSE unit as per Annexure I that it has not moved a reference before the Civil Court on the same dispute along with all supporting documents as per check list in Annexure II.

4. *Composition of the State Micro and Small Enterprises Facilitation Council.*—The State Micro and Small Enterprises Facilitation Council shall consist of the following members to be appointed by the Government;

(a) The Director of Industries and Commerce—Chairperson;

(b) The Convenor, State Level Banker's Committee (SLBC) or the Deputy General Manager, Lead Bank in Kerala;

(c) President or Secretary, Kerala State Small Industries Association (KSSIA);



(d) An Officer not below the rank of Additional Secretary to Government from the Law Department, Government Secretariat.

5. *Composition of the Regional Micro and Small Enterprises Facilitation Council.*—The Regional Micro and Small Enterprises Facilitation Council shall consist of the following members to be appointed by the Government:

(a) The General Manager, District Industries Centre, Thiruvananthapuram/Ernakulam/Kozhikkode—Chairperson;

(b) The Lead District Bank Manager (LDM), (District to which Regional Council is situated);

(c) The State Vice President (South Zone for the council located in Thiruvananthapuram/ Central Zone for the Council located in Ernakulam/North Zone for the Council located in Kozhikkode), Kerala State Small Industries Association (KSSIA);

(d) An Officer not below the rank of Deputy Secretary to Government from the Law Department, Government Secretariat or the District Law Officer where the Regional Council is situated.

6. *Jurisdiction of the Council.*—(1) The application of the aggrieved Micro and Small Enterprises unit registered in the State of Kerala with the claim of Rupees One Crore or more shall be considered at the State Micro and Small Enterprises Facilitation Council at Directorate of Industries and Commerce, Thiruvananthapuram. And other applications shall be considered at the Regional Micro and Small Enterprises Facilitation Council.

(2) All applications of the aggrieved Micro and Small Enterprises unit (Applicant) submitted through MSME SAMADHAAN web portal having registration within the State of Kerala which qualifies the criteria as mentioned in sub-rule (1) of rule 6.

7. *Manner of appointment of Chairperson of the Council.*—The Government shall appoint the Director of Industries and Commerce as the Chairperson of the State Micro and Small Enterprises Facilitation Council and the General Manager, District Industries Centres, Thiruvananthapuram, Ernakulam and Kozhikkode as the Chairperson of the Regional Micro and Small Enterprises



Facilitation Council. In the absence of Director of Industries and Commerce an officer who is in charge of Director and in the absence of General Manager an officer in charge of General Manager shall be designated to officiate as Chairperson of the State and Regional Council respectively.

8. *Manner of appointment of members of the Council.*—(1) The Council shall consist of not less than three but not more than five members, including the Chairperson.

(2) The Members shall be appointed as per the provisions of clauses (ii), (iii) and (iv) of sub-section (1) of section 21 of the Act.

(3) A member appointed under clauses (ii), (iii) and (iv) of sub-section (1) of section 21 of the Act shall cease to be a member of the Council if he ceases to represent the category or interest in which he was so appointed.

(4) Any member of the Council may resign from the Council by tendering one month's notice in writing to the Government.

(5) 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.

9. *Disqualification and Removal of Members of the Council.*—(1) The Government may remove any member from office, if she/he:—

(a) is of unsound mind; or

(b) becomes bankrupt or is adjudged as undischarged insolvent or suspends payment to his creditors; or

(c) is convicted of any offence; or

(d) abstains himself from five consecutive meetings of the Council; 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.

(2) If a member is removed on the above grounds, such vacancy shall be filled up by



Government on the basis of the nomination given by the Association/Agency/Institution which represent the category/interest in which that member was so appointed.

10. *Honorarium to the members of the Council.*—(1) The Government may provide remuneration, honorarium or fees that may be paid to the members as fixed by the State Council from time to time.

(2) The amount received as processing fee or processing charges for applications filed under Delayed payments shall be utilized for dispensation of honorarium of Council members, remuneration for preparing statement of facts on behalf of the Council, liaisoning with judicial forum and other activities which pave the way for the smooth functioning of the Council as decided by the State Council based on norms.

11. *Procedure to be followed in the discharge of functions of the Council.*—(1) An aggrieved Micro and Small Enterprises unit may move a reference to the Council having jurisdiction of the area in the format as provided in the schedule of these rules. The reference must have documents proving the registration, mobile number and e-mail address of the aggrieved Micro and Small Enterprises unit as provided in the schedule.

(2) Each reference should be attached with fee or processing charges of ₹1000 (Rupees One thousand only) by a Demand Draft in favour of the Chairperson concerned in respect of the State and Regional Micro and Small Enterprises Facilitation Council as may be approved by the Government and with an undertaking from the aggrieved Micro and Small Enterprises unit as per Annexure I that it has not moved a reference before the Civil Court on the same dispute along with all supporting documents as per checklist in Annexure II.

(3) The Council shall examine the reference at preliminary stage to check regarding competency of Micro and Small Enterprise unit to file the reference.

(4) The reference may be converted to Original Application (OA) immediately following the verification process (whether all mandatory documents as per checklist are submitted along with the respective reference) as well as admissibility check (whether the reference made by the applicant prima facie comes under delayed payments to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006).

(5) In case, if the reference or the particulars entered in it are not found to the satisfaction of the Council, it may return the reference.



(6) 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, it shall refer the parties to the Institute,—

(a) The State Micro and Small Enterprises Facilitation Council shall seek the assistance of KLSA (Kerala State Legal Services Authority) or any Government authorized Institute in conducting conciliation over references made as per sub-section (2) of section 18 of Micro, Small and Medium Enterprises Development Act, 2006.

(b) The Regional Micro and Small Enterprises Facilitation Council shall seek the assistance of any institute providing alternate dispute resolution services like District Legal Service Authority of the respective district where the Council is situated with a view to conduct conciliation over references made as per sub-section (2) of section 18 of MSMED Act, 2006.

(7) The institute, to which the issue is referred to, shall make earnest efforts to bring about conciliation and it shall submit its report to the Council within the time limit preferred by the Council.

(8) 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, ie., arbitration or refer it to an institute for the same.

(9) If the matter is referred to the institute, the Institute or Centre shall arbitrate the issue as per the provisions of the Arbitration and Conciliation Act, 1996 (Central Act 26 of 1996) and refer the award to the Council.

(10) The Council after finalizing the award or receiving the award from the institute shall consider the case and pass appropriate final orders in the matter.

12. *Meeting of the Council and Quorum.*—(1) The Meeting of the Council shall be ordinarily held after giving seven days' notice.

(2) In case of urgency, the meeting may be convened at such short notice as the Chairperson may find suitable.

(3) All the notices/communications for the meeting prepared in the pro forma as provided in Annexure V and VI shall be informed to both the petitioner and the respondent by way of electronic messaging or e-mail or other electronic means including publishing in designated website.

(4) The Council shall hold regular meetings to consider pending cases, at least once a month preferably on second Friday of every month and if it falls on a public holiday, the subsequent working day can be opted as per the decision of the Chairperson.



(5) The quorum of meeting shall be at least one third of the total members in the Council.

13. *Decision of the Micro and Small Enterprises Facilitation Council.*—(1) Any decision of the Council shall be made by a majority of its members present at the meeting of the Council and if any dispute arises, the decision of the Chairperson shall be final.

(2) Every reference made under sub-section (1) of section 18 of the Act to the Council shall be decided upon within a period of ninety days.

(3) The secretariat of the Council shall upload the proceedings of every meeting of the Council on the web portal created for the purpose.

(4) The Council shall issue ex parte order for non participation of the respondent for continuous two times in the sitting of the Council or default from the part of the respondent in filing counter statement/objection within fifteen days from the issue of the preliminary notice regarding the reference made under delayed payment as per Annexure IV from the side of the respondent.

(5) The Council shall dispose the application/case if the applicant or petitioner is absent in the successive two sittings of the Council.

(6) The Council shall dispose the application/reference filed in MSME SAMADHAAN web portal if the petitioner fails to submit the hard copies of the entire documents as per check list (provided as Annexure II) within 30 days from the date of the preliminary notice (as shown in Annexure III) issued by the Council in this regard. If no reply is received within the above time limit the application would be rejected without further notice/intimation.

14. *Progress Report.*—(1) The Council shall upload the basic information including the annual progress report of the Council on the web portal created for the purpose.

(2) 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.

15. *Removal of Difficulties.*—(1) All the proceedings initiated as per earlier rules shall continue unabated except those prescribed in this rule.

(2) If any difficulty arises during the course of implementation of these rules, the same shall be clarified by the Government of Kerala.





## SCHEDULE

[See sub-rule (1) of rule 11]

Format for reference on delayed payment submitted to the Kerala Micro and Small Enterprises Facilitation Council.

To

The Chairperson,

Kerala Micro and Small Enterprises Facilitation Council,

.....

*References:*—Under Section 18 of the Micro, Small and Medium Enterprises Development Act, 2006 (Central Act 27 of 2006).

I am the authorized representative of M/s ..... This firm is a Micro/Small Enterprises Unit as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (Central Act 27 of 2006). This unit has supplied the goods/rendered services to M/s....., but it has not been paid for the same as per provisions of section 15 of the said Act, 2006. I, therefore, aggrieved with this unit, wish to file a reference before the council. The information pertaining to the case is as under:

1. Udyog Aadhaar/Udyam Registration No. (*Note:*—Micro and Small Enterprises Unit can register Udyog Aadhaar/Udyam Registration on [www.udyogaadhaar.gov.in/](http://www.udyogaadhaar.gov.in/) [www.udyamregistration.gov.in](http://www.udyamregistration.gov.in)) :
2. Date of filing Application (DD/MM/YYYY) :
3. Details of aggrieved Micro Small and Medium Enterprises Unit: —
  - (a) Name of Authorized Representative :  
(authorization to be attached)
  - (b) Name of the Unit :



- (c) Address (including PIN code) :
- (d) State :
- (e) District :
- (f) Mobile Number :
- (g) E-mail :
- (h) Type of aggrieved Micro and Small Enterprises Unit :
4. Name of Respondent (Buyer) :
- (i) Address (including PIN code) :
- (ii) State :
- (iii) District :
- (iv) Mobile Number :
- (v) E-mail :
- (vi) Category of Respondent (Buyer) (Central Public Sector Undertaking/State Public Sector Undertaking) :
5. Principal amount payable (₹) :
6. Interest claimed as on :
7. Fee paid if any :
- (a) Amount :
- (b) Methodology :
8. Document endorsed in support of the claim in respect of supply of goods/supply of services rendered as referred above:
- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

I hereby declare that information given above is true to the best of my knowledge. Any information that may be further required, shall be provided immediately before the concerned authority. I further declare that I have not filed/preferred any appeal before any court on the same dispute.

Signature :

Name :



ANNEXURE I  
[See sub-rule (5) of rule 3]

**AFFIDAVIT FORMAT**

I, .....S/o.....  
aged.....residing at..... am the Partner/Director/Managing  
Director/Proprietor/authorised representative of M/s .....This firm is a Micro/ Small  
Enterprises Unit as per the provisions of the Micro, Small and Medium Enterprises Development Act,  
2006 (Central Act 27 of 2006) having Udyog Aadhaar/Udyam Registration No. .... This unit  
has supplied the goods...../rendered services ..... to M/s ....., but it has not been  
paid for the same as per provisions of section 15 of the said Act, 2006 and the principal amount  
payable is ..... and the same is delayed from ..... Therefore, aggrieved with this unit, wish  
to file a reference before the Council.

Document endorsed as per checklist in support of the claim in respect of supply of goods/supply  
of services rendered as referred above:

- (i).....
- (ii).....
- (iii).....

I hereby declare that information given above is true to the best of my knowledge. Any  
information that may be further required, shall be provided immediately before the concerned  
authority. I further declare that I have not filed/preferred any appeal/application before any Court/  
Facilitation Council on the same dispute.

DEPONENT



## ANNEXURE II

[See sub-rule (5) of rule 3]

**CHECK LIST**

DOCUMENTS NEED TO BE SUBMITTED BEFORE THE HON'BLE MICRO AND  
SMALL ENTERPRISES FACILITATION COUNCIL AFTER FILING THE  
APPLICATION FOR DELAYED PAYMENT

1. Copy of Receipt of Application filed in MSME Samadhaan.
2. Affidavit in Stamp paper worth ₹ 200 in the given pro forma as in Annexure I.
3. Copy of Udyog adhaar/Udyam registration.
4. Detailed and honest description of events till date that led to delayed payment mentioned in the application filed.
5. Fully furnished table having columns containing details of purchase order No./work order No., Invoice No., total invoice amount, amount received/remitted, outstanding amount/amount pending etc. (all details must be furnished with date).
6. Full communication address of the applicant/supplier and respondent/buyer (including e-mail ID and Whatsapp No.).
7. Copy of agreement, tender, work order/purchase order between the supplier and buyer showing Terms of Payment.
8. Full particulars of supplied goods/services along with Invoice/Delivery Challan copy.
9. Amount due and the interest duly calculated under Section 16.
10. Audited Balance Sheet of previous two years.
11. Copy of Bank Account Statement covering relevant period.
12. Remittance slip of processing fee regarding the application as stipulated in sub-rule (2) of rule 11.

*Note:*—All aforesaid documents (hard copies) should be self attested and sealed and they must be produced in three copies at this office (Original as office copy, duplicate as District Legal Service Authority copy and triplicate copy as respondents copy which is required to be enclosed in postal envelope affixed with optimum stamp so as to reach the respondent by registered post).



## ANNEXURE III

[See sub-rule (6) of rule 13]

**PRELIMINARY NOTICE TO PETITIONER**

Sir/Madam,

*Sub:*—Industries—Micro and Small Enterprises Facilitation Council—Delayed payment application—Documents submitting—Reg.

*Ref:*—Your application No. ....filed in Micro, Small and Medium Enterprises Samadhaan regarding Delayed payment.

You are intimated hereby that it is necessary to submit hard copies (three sets) of the document prescribed in the Checklist (Annexure II) for the consideration of the above said application. If you have not submitted any documents so far or submitted insufficient documents to this office, you should submit all relevant physical documents substantiating your claim via post/directly by person within 30 days from the date of receiving this mail. Otherwise your application will be rejected without any further notice/intimation.



## ANNEXURE IV

[See sub-rule (4) of rule 13]

**PRELIMINARY NOTICE TO THE RESPONDENT**

Sir/Madam

*Sub:*—Industries—Micro and Small Enterprises Facilitation Council—Delayed payment application—Documents submitting—Reg.

*Ref:*—Application No. .... filed in Micro, Small and Medium Enterprises Samadhaan regarding delayed payment.

M/s ..... (Name and Address of the opposite party) is hereby informed that a petition has been filed on.....(date of filing petition) by Sri..... Proprietor/MD/Secretary/Managing Partner of M/s.....(Name and address of the petitioner) for an amount of ₹.....(amount of claim) before the Council under section 18 of the Micro, Small and Medium Enterprises Development Act, 2006. A copy of the petition is also submitted herewith for your ready reference. You are required to file a statement in this regard explaining the facts within 30 days after serving a copy of the same to the petitioner.



ANNEXURE V

[See sub-rule (3) of rule 12]

**NOTICE TO PETITIONER FOR THE MICRO AND SMALL ENTERPRISES  
FACILITATION COUNCIL SITTING**

No. DIC/.....

O. A. No. :

To

.....  
.....  
.....

*Sub:—*Micro and Small Enterprises Facilitation Council (MSEFC)—Sitting—  
Intimation—Reg.

The sitting of the Micro and Small Enterprises Facilitation Council (MSEFC) is proposed to be held on ..... at ..... at ..... The above said original application (O. A. No. ....) will be taken up by the Micro and Small Enterprises Facilitation Council (MSEFC) for hearing/disposal. Hence you are informed to appear before the council in person or your advocate on the above said date and time without fail.

Chairperson  
MSEFC Council



ANNEXURE VI

[See sub-rule (3) of rule 12]

**NOTICE TO RESPONDENT FOR THE MICRO AND SMALL ENTERPRISES FACILITATION COUNCIL SITTING**

No. DIC/.....

O. A. ....

NOTICE

.....  
.....  
.....  
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is hereby informed that a petition has been filed by Sri .....  
.....Proprietor/M.D./Managing Partner/  
Secretary of .....

.....  
.....  
.....  
.....  
.....  
.....  
.....

for an amount of ₹..... before the Micro Small Enterprises Facilitation Council under section 18 of the Micro, Small and Medium Enterprises Development Act, 2006. The case is posted on ..... at.....for hearing at.....You may appear in person or represent via your advocate on the Council sitting.

Chairperson

Micro and Small Enterprises Facilitation Council

By order of the Governor,

SUMAN BILLA, I.A.S.,

*Principal Secretary to Government.*





## Explanatory Note

(This does not form part of the notification, but is intended to indicate its general purport.)

In order to facilitate the working of Micro and Small Enterprises Facilitation Councils across the country, the Central Government had earlier prepared a set of model rules. Owing to the multiplicity of applications filed through MSME SAMADHAAN web portal, Government has felt the need to constitute Regional Micro and Small Enterprises Facilitation Councils (MSEFC) in addition to the State Council to dispense justice in time. Also the Micro and Small Enterprises Facilitation Council has felt the need to revamp the rules by including more provisions which would form the foundation for the smooth dispensation of justice uniformly across the councils through out the State.

Therefore, the Government, after detailed consideration of the said model draft rules and the additional changes proposed by the State Micro and Small Enterprises Facilitation Council, have decided to issue these rules in exercise of the powers conferred by sub-section (1) and (2) of section 30 of the Micro, Small and Medium Enterprises Development Act, 2006 (Central Act 27 of 2006) and in supersession of the notification issued under G.O. (P) No. 23/2019/Ind. dated 22nd October, 2019 and published as S.R.O. No. 947/2019 in the Kerala Gazette Extraordinary No. 2972 dated 3rd December, 2019.

The notification is intended to achieve the above object.

