

**Bill No. 253 of 2022**

THE MICRO, SMALL AND MEDIUM ENTERPRISES  
DEVELOPMENT (AMENDMENT)  
BILL, 2022

By

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*further to amend the Micro, Small and Medium  
Enterprises Development Act, 2006.*

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Micro, Small and Medium Enterprises Development (Amendment) Act, 2022.

Short title and  
commencement.

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(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Amendment of section 2.	<p><b>2.</b> In section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, (hereinafter referred to as the principal Act).</p> <p>(i) after clause (l), the following clause shall be inserted namely:—</p> <p>“(la) ‘self-help group’ means a small informal group owned, controlled or managed by women consisting of ten or more individuals, who are homogenous with respect to social and economic background and come together voluntarily for promoting savings habits among members and for a common cause to raise and manage resources for the benefit of group members.</p> <p><i>Explanation</i> — For the purpose of this clause, the term “controlled” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.”; and</p> <p>(ii) after clause (p), the following clause shall be inserted namely:</p> <p>“(q) “women led enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951) or engaged in providing or rendering of any service or services, which is owned, managed or controlled by a woman or a group of women.</p> <p><i>Explanation</i> — for the purpose of this clause,</p> <p>(a), “controlled” include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner; and</p> <p>(b) “managed” includes the decision making power, ownership and capacity to hold profit, as the case may be.”.</p>	27 of 2006
Amendment of section 7.	<p><b>3.</b> In section 7 of the principal Act, in sub-section (l) after the words “co-operative society”, the words “self-help groups, women led enterprises” shall be inserted.</p>	30
Amendment of section 14.	<p><b>4.</b> After clause (l) of section 14 of the principal Act, the following proviso shall be inserted, namely:</p> <p>“Provided that the Central Government shall reserve twenty-five percent of the Fund or Funds for the welfare and development of self-help groups.”.</p>	35
Amendment of Heading.	<p><b>5.</b> In Chapter V of the principal Act, in the heading, for the words, “MICRO AND SMALL ENTERPRISES”, the words, “MICRO, SMALL AND MEDIUM ENTERPRISES” shall be substituted.</p>	
Amendment of section 15.	<p><b>6.</b> In section 15 of the principal Act, after the existing proviso, the following proviso shall be inserted namely:</p> <p>“Provided further that the supplier shall upload invoices for an amount notified by the Central Government, on information utilities set up under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).”.</p>	40
Amendment of section 18.	<p><b>7.</b> In section 18 of the principal Act, for the words, “Micro and Small Enterprises”, the words “Micro, Small and Medium Enterprises” shall be substituted.</p>	45

**8.** In section 20 of the principal Act, for the words, “Micro and Small Enterprise”, the words, “Micro, Small and Medium Enterprises”, shall be substituted.

Amendment of  
section 20.

**9.** In section 21 of the principal Act,

Amendment of  
section 21.

5       (a) for the words, “Micro and Small”, wherever they occur, the words, “Micro, Small and Medium” shall be substituted; and

      (b) in sub-section (1), in clause (ii), for the words, “micro or small”, the words, “micro, small or medium” shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

India's economic and financial has suffered due to a critical missing piece: women. Women across all segments, be it entrepreneurs or retail customers, face multiple barriers such as legal, socio-cultural and infrastructural barriers in accessing finance in an equitable manner. These are spread across such as restricted mobility, lack of traditional collateral, lower ownership of mobile phones and access to the internet, lower financial literacy levels. The unmet credit gap for women-owned enterprises is 70.37 per cent which translates to a financing gap of rupees 1.37 lakh crore and presents a huge market opportunity for financial institutions.

The need is to include women led enterprises under the Micro, Small and Medium Enterprises Act, 2006 in order to enable better targeting of women centric schemes, initiatives and products; collection of gender disaggregated data; and a consolidated digital platform for such enterprises – all of which contribute towards creating an enabling ecosystem for women entrepreneurs. The need is to empower women led enterprises by giving them preferential for procurement of goods and services.

It is also necessary to introduce Self Help Groups (SHGs) under the MSME Act, 2006 in order to economically empower these groups and promote entrepreneurship. A duty on the State is also to be made for setting set up funds for self help groups in order to promote entrepreneurship.

Furthermore, it is also required to include Medium enterprises in order to provide for the safeguards, recourse and complaint mechanisms under the Act to be extended to medium enterprises as well. A complaint mechanism requiring the MSMEs to upload invoices on Information Utilities, to act as a safeguard against delayed payments is also required.

It is noteworthy that the MSME sector is responsible for around one-third of India's GDP and has tremendous room for expansion. The importance of the sector in India's economic growth cannot be over-emphasized. With the presence of over 63 million MSMEs employing over 110 million people staggered across services, the manufacturing sector contributes nearly 30 per cent to the GDP. Therefore, it is imperative that a legislative backing is rendered to MSME to ensure their overall empowerment.

Hence, this Bill.

NEW DELHI;  
23 November, 2022.

HEENA VIJAYKUMAR GAVIT

# ANNEXURE

[EXTRACT FROM MICRO, SMALL AND MEDIUM ENTERPRISES  
DEVELOPMENT ACT, 2006]

(ACT No. 27 OF 2006)

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2. In this Act, unless the context otherwise requires,—

Definitions.

- (b) \* \* \* \*
- (c) \* \* \* \*
- (d) \* \* \* \*
- (e) \* \* \* \*
- (f) \* \* \* \*
- (g) \* \* \* \*
- (h) \* \* \* \*
- (i) \* \* \* \*
- (j) \* \* \* \*
- (k) \* \* \* \*

(l) “Reserve Bank” means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);

- (m) \* \* \* \*
- (n) \* \* \* \*
- (o) \* \* \* \*

(p) “State Government”, in relation to a Union territory, means the Administrator thereof appointed under article 239 of the Constitution.

\* \* \* \*

14. (1) The Central Government shall have the power to administer the Fund or Funds in such manner as may be prescribed.

Administration and utilisation of Fund or Funds.

\* \* \* \*

\* \* \* \*

15. Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor 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:

Liability of buyer to make payment.

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

\* \* \* \*

Reference to  
Micro and Small  
Enterprises  
Facilitation  
Council.

**18. (1)** Notwithstanding anything contained in any other law for the time being in force, any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council.

(2) On receipt of a reference under sub-section (1), the Council shall either itself conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institution or centre, for conducting conciliation and the provisions of sections 65 to 81 of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall apply to such a dispute as if the conciliation was initiated under Part III of that Act.

(3) Where the conciliation initiated under sub-section (2) is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act.

(4) Notwithstanding anything contained in any other law for the time being in force, the Micro and Small Enterprises Facilitation Council or the centre providing alternate dispute resolution services shall have jurisdiction to act as an Arbitrator or Conciliator under this section in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

(5) Every reference made under this section shall be decided within a period of ninety days from the date of making such a reference.

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Establishment of  
Micro and Small  
Enterprises  
Facilitation  
Council.

**20.** The State Government shall, by notification, establish one or more Micro and Small Enterprises Facilitation Councils, at such places, exercising such jurisdiction and for such areas, as may be specified in the notification.

\* \* \* \*

Composition of  
Micro and Small  
Enterprises  
Facilitation  
Council.

**21. (1)** The Micro and Small Enterprise Facilitation Council shall consist of not less than three but not more than five members to be appointed from amongst the following categories, namely:—

(i) Director of Industries, by whatever name called, or any other officer not below the rank of such Director, in the Department of the State Government having administrative control of the small scale industries or, as the case may be, micro, small and medium enterprises;

(ii) one or more office-bearers or representatives of associations of micro or small industry or enterprises in the State;

(iii) one or more representatives of banks and financial institutions lending to micro or small enterprises; or

(iv) one or more persons having special knowledge in the field of industry, finance, law, trade or commerce.

(2) The person appointed under clause (i) of sub-section (1) shall be the Chairperson of the Micro and Small Enterprises Facilitation Council.

(3) The composition of the Micro and Small Enterprises Facilitation Council, the manner of filling vacancies of its members and the procedure to be followed in the discharge of their functions by the members shall be such as may be prescribed by the State Government.

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*(Dr. Heena Vijaykumar Gavit, M.P.)*