

MINISTRY OF SMALL SCALE INDUSTRIES  
NOTIFICATION

New Delhi, the 28th September, 2006

**G.S.R. 596(E).**—In exercise of the powers conferred by Sub-section (4) of Section 3 and Section 6, read with clauses (a) and (b) of Sub-section (2) of Section 29 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), the Central Government hereby makes the following rules, namely :—

1. Short title and commencement.-

(1) These rules may be called the National Board for Micro, Small and Medium Enterprises Rules, 2006.

(2) They shall come into force on the 2<sup>nd</sup> day of October, 2006.

2. Definitions.-

(1) In these rules, unless the context otherwise requires,-

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

(b) "Advisory Committee" means the committee constituted by the Central Government under sub-section (2) of section 7;

(c) "Board" means the National Board for Micro, Small and Medium Enterprises established under sub-section (1) of section 3;

(d) "Chairperson" means the Chairperson of the Board;

(e) "member" means a member of the Board;

(f) "section" means a section of the Act;

(g) "Vice-Chairperson" means the Vice-Chairperson of the Board.

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

3. Term of office of members.-

Save as otherwise hereinafter provided,-

- (i) a member, other than an *ex officio* member, shall hold office for a period not exceeding two years from the date of his appointment;
- (ii) a member elected under clause (d) of sub-section (3) of section 3 shall cease to be a member of the Board if he ceases to be a member of the House of Parliament by which he was so elected; and
- (iii) a member appointed under clauses (k), (l), (m) and (n) of sub-section (3) of section 3 shall cease to be a member of the Board if he ceases to represent the category or interest from which he was so appointed:

Provided that a member shall be eligible for re-appointment.

4. Resignation.-

- (i) The office of a member, other than an *ex officio* member, shall fall vacant from the date on which his resignation is accepted or on the expiry of thirty days from the date of receipt of intimation of resignation, whichever is earlier.
- (ii) The power to accept the resignation of a member shall vest in the Chairperson who, on accepting the resignation, shall report to the Board at its next meeting.

5. Change of Address.- If a member changes his address, he shall notify his new address to the Member-Secretary of the Board who shall thereupon enter his new address in the official records:

Provided that if a member fails to notify his new address, the address in the official records shall for all purposes be deemed to be the member's correct address.

6. Manner of filling vacancies among members.-

- (i) The Central Government may evolve such criteria and hold such consultations as it may think fit, before appointing members from among the representatives specified in clauses (l), (m) and (n) of sub-section (3) of section 3, each time the Board is constituted.

- (ii) When a member dies or resigns or is deemed to have resigned or is removed from office or becomes incapable of acting, the Central Government may, by notification in the Official Gazette, appoint a person to fill that vacancy:

Provided that where the vacancy occurs in a membership which was held by an outgoing member by virtue of his membership in the Parliament under clause (d) of sub-section (3) of section 3, the appointment of the next incumbent of that vacancy shall be on the basis of a fresh election by that House of Parliament to which the outgoing member belonged.

7. Procedure to be followed in the discharge of their function by the members of the Board.-

- (i) Agenda.-
- (a) The agenda to be considered at a meeting of the Board shall be approved by the Chairperson and shall ordinarily be issued by the Member-Secretary fourteen days before the approved day of the meeting and shall be left at, or posted to the address of every member of the Board.
- (b) The Board may take up any item outside the agenda with the permission of the Chairperson.
- (ii) The Board shall meet at least once in every three months at Delhi:
- Provided that if it is deemed necessary and expedient to hold a meeting of the Board outside its headquarters at Delhi, the reasons for holding such meeting shall be recorded in writing with prior approval of the Chairperson.
- (iii) The Chairperson may at any time call a special meeting of the Board in case of urgency, after informing the members in advance about the subject matter of discussion and the reasons of urgency.
- (iv) The Chairperson or, in his absence, the Vice- Chairperson, shall preside over the meetings of the Board.
- (v) The quorum for any meeting of the Board shall be twelve.
- (vi) The Central Government may debar any member, other than ex officio members, from taking part in the meetings of the Board if-
- (a) he absents himself from two consecutive meetings of the Board without written information to and consent of the Chairperson and, in any case, from three consecutive meetings, or

- (b) in the view of the Central Government, the act of a member is or is likely to be detrimental to the policies and programmes of the Government for promotion, development and enhancing competitiveness of micro, small and medium enterprises.

8. Powers and functions of Member-Secretary of the Board.-

The Member-Secretary shall -

- (i) act as the Head of the office of the Board;
- (ii) sanction necessary expenditure on contingencies, supplies, services and articles required for the working of the Board and its office, execution of the functions assigned to the Board and furtherance of the objects of the Act, subject to provisions being made in the annual budget for this purpose;
- (iii) maintain or cause to be maintained an account of the receipts and expenditures of the Board in such form as may be notified by the Central Government in consultation with the Comptroller and Auditor-General of India;
- (iv) assist the Chairperson in all administrative matters relating to the Board;
- (v) keep or cause to be kept a record of names of members and their addresses;
- (vi) make arrangements for the meetings of the Board; and
- (vii) issue minutes of the meetings of the Board, as approved by the Chairperson.

[F No. 1(3)/2006-MSME POL]  
JAWHAR SIRGAR, Addl. Secy.