

Industrial Policy Statements Since 1948 and Enactment of MSME Act, 2006

1.1 Industrial Policy Reforms Before 1991

The quest for industrial development started soon after independence in 1947. The main objectives of the Industrial Policy of the Government were:

- (i) to maintain a sustained growth in productivity;
- (ii) to enhance gainful employment;
- (iii) to achieve optimal utilisation of human resources;
- (iv) to attain international competitiveness; and
- (v) to transform India into a major partner and player in the global arena.

To achieve these objectives, the Policy focus is on deregulating the Indian industry; allowing freedom and flexibility to the industry in responding to market forces; and providing a policy regime that facilitates and fosters growth. Economic reforms initiated since 1991 envisages a significantly bigger role for private initiatives. The policy has been progressively liberalized over years to at present, as would be evident in subsequent paragraphs.

1.1.1 Industrial Policy, 1948

The first Industrial Policy, 1948 defined the broad parameters of the State in industrial development both as an entrepreneur and authority. It made clear that India is going to have a Mixed Economic Model. It classified industries into four broad areas:

- **Strategic Industries (Public Sector):** It included three industries in which Central Government had the monopoly. These included Arms and Ammunition, Atomic energy and Rail transport.
- **Basic/Key Industries (Public-cum-Private Sector):** Six industries viz. coal, iron & steel, aircraft manufacturing, ship-building, manufacture of telephone, telegraph & wireless apparatus, and mineral oil were designated as “Key Industries” or “Basic Industries”. These industries were to be set-up by the Central Government. However, the existing private sector enterprises were allowed to continue.
- **Important Industries (Controlled Private Sector):** It included 18 industries including heavy chemicals, sugar, cotton textile & woollen industry, cement, paper, salt, machine tools, fertiliser, rubber, air and sea transport, motor, tractor, electricity, etc. These industries continue to remain under private sector however, the Central Government, in consultation with the State Government, had general control over them.
- **Other Industries (Private and Cooperative Sector):** All other industries which were not included in the above mentioned three categories were left open for the private sector.

The Industries (Development and Regulation) Act, 1951 was passed and notified in the Gazette of India on 31st October, 1951 to implement the Industrial Policy Resolution, 1948.

1.1.2 Industrial Policy, 1956

The first Policy of 1948 was revised by the Government through the Industrial Policy of 1956. This Policy emphasised the need to expand the public sector, to build up a large and growing cooperative sector and to encourage the separation of ownership and management in private industries and, above all, prevent the rise of private monopolies. It provided the basic framework for the Government's Policy in regard to industries till June 1991.

The Industrial Policy of 1956 emphasised that small scale industries ensure a more equitable distribution of national income as they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems that unplanned urbanization tends to create will be avoided by the establishment of small centers of industrial production all over the country.

The Industrial Policy, 1956 classified industries into three categories:

- **Schedule A:** It consists of 17 industries which was the exclusive responsibility of the State. Out of these 17 industries, four industries, namely arms and ammunition, atomic energy, railways and air transport had remained under the Central Government's monopolies; new units in the remaining industries were developed by the State Governments.
- **Schedule B:** It consists of 12 industries, was open to both the private and public sectors; however, such industries were progressively State-owned.
- **Schedule C:** It consists of all other industries not included in these two Schedules constituted the third category which was left open to the private sector. However, the State reserved the right to undertake any type of industrial production.

The Industrial Policy, 1956, stressed the importance of **cottage and small scale industries** for expanding employment opportunities and for wider decentralisation of economic power and activity. This Policy also called for efforts to maintain industrial peace; a fair share of the proceeds of production was to be given to the toiling mass in keeping with the avowed objectives of democratic socialism. However, this Policy was criticised by the private sector since it reduced the scope for the expansion of the private sector significantly. The sector was kept under State control through a system of licenses.

1.1.3 Industrial Policy, 1977

When the Janata Party came into power and formed its Government in the Centre, it announced a new Policy called "Industrial Policy, 1977", in December 1977. The main thrust of this policy was the effective promotion of cottage and small industries widely dispersed in rural areas and small towns.

This Policy classified the small sector into three groups viz: Cottage and Household Sector, Tiny Sector and Small Scale Industries.

The Industrial Policy, 1977 prescribed different areas for large scale industrial sector-Basic industries, Capital goods industries, High technology industries and Other industries outside the list of reserved items for the small scale sector.

The 1977 Industrial Policy restricted the scope of large business houses so that no unit of the same business group acquired a dominant and monopolistic position in the market. It put emphasis on reducing the occurrence of labour unrest. The Government encouraged the workers' participation in management from shop floor level to board level. However, the Policy was criticised as there was an absence of effective measures to curb the dominant position of large scale units and the policy did not envisage any socio-economic transformation of the economy for curbing the role of big business houses and multi-nationals.

1.1.4 Industrial Policy, 1980

The Industrial Policy, 1980 sought to promote the concept of economic federation, to raise the efficiency of the public sector and to reverse the trend of industrial production of the past three years and reaffirmed its faith in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) and the Foreign Exchange Regulation Act, 1973 (FERA).

1.2 Industrial Policy Reforms After 1991

The era of economic liberalisation and financial reforms started after 1991. The strategy of reforms introduced in July 1991 presented a mixture of macro-economic stabilization and structural adjustment. It was guided by short-term and long-term objectives. Stabilization was necessary in the short run to restore balance of payments equilibrium and to control inflation. At the same time changing the structure of institutions themselves through reforms was equally important from long-term point of view.

1.2.1 Industrial Policy, 1991

The long-awaited liberalised Industrial Policy was announced by the Government of India in 1991 in the midst of severe economic instability in the country. The objective of the policy was to raise efficiency and accelerate economic growth.

The Industrial Policy, 1991 made 'Licence, Permit and Quota Raj' a thing of the past. It attempted to liberalise the economy by removing bureaucratic hurdles in industrial growth.

The key features of this Policy were as under:

De-reservation of Public sector: Sectors that were earlier exclusively reserved for public sector were reduced. However, pre-eminent place of public sector in 5 core areas like arms and ammunition, atomic energy, mineral oils, rail transport and mining was continued.

Presently, only two sectors—Atomic Energy and Railway operations- are reserved exclusively for the public sector.

De-licensing: Abolition of Industrial Licensing for all projects except for a short list of industries. There are only 4 industries at present related to security, strategic and environmental concerns, where an industrial license is currently required viz: Electronic aerospace and defence equipment, Specified hazardous chemicals, Industrial explosives, Cigars and cigarettes of tobacco and manufactured tobacco substitutes.

Disinvestment of Public Sector: Government stakes in Public Sector Enterprises were reduced to enhance their efficiency and competitiveness.

Liberalisation of Foreign Investment: This was the first Industrial policy in which foreign companies were allowed to have majority stake in India. In 47 high priority industries,

upto 51% FDI was allowed. For export trading houses, FDI up to 74% was allowed. Today, there are numerous sectors in the economy where government allows 100% FDI.

Foreign Technology Agreement: Automatic approvals for technology related agreements.

MRTTP Act was amended to remove the threshold limits of assets in respect of MRTTP companies and dominant undertakings. MRTTP Act was replaced by the Competition Act, 2002.

The policy was followed by special efforts to increase exports. Concepts like Export Oriented Units, Export Processing Zones, Agri-Export Zones, Special Economic Zones and lately National Investment and Manufacturing Zones emerged. All these have benefitted the export sector of the country.

1.3 Evolution and Regulatory Framework for SMES – Journey towards the enactment of MSME Act, 2006

The conceptual and legal framework for small scale and ancillary industrial undertakings is derived from the Industries Development and Regulation Act, 1951.

The Industries (Development and Regulation) Act, 1951 was enacted to implement the Industrial Policy Resolution, 1948. The journey towards the enactment of the Micro, Small and Medium Enterprises Development Act, 2006 started way back by Industrial Policy, 1956 when the **cottage and small scale industries** were given the importance. Later it got boost when the Industrial Policy, 1991 emphasized the need for economic liberalisation and abolition of the licensing system.

In 1993, the Government enacted the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993, to provide for and regulate the payment of interest on delayed payments to small scale and ancillary industrial undertakings and for matters connected therewith or incidental thereto. Later, a bill titled as Small and Medium Enterprises Development Bill, 2005 was introduced in the Lok Sabha in May, 2005.

1.3.1 SME Development Bill, 2005

The Small and Medium Enterprises Development (SMED) Bill, 2005 was introduced in the Lok Sabha on 12th May, 2005. In the Bill, a 'small enterprise' is defined, in case of manufacturing enterprises, as an enterprise with investment in plant and machinery not exceeding Rs. 5 crore and, in case of enterprises engaged in providing of services, as an enterprise with investment in equipment not exceeding Rs.2 crore. The Bill seeks to provide a legal framework for the promotion and development of small and medium enterprises and for enhancing their competitiveness. It has several provisions towards achieving its objectives, such as:

- Schemes and programmes for promotion and development of small enterprises (*Clause 9*);
- Credit facilities to small and medium enterprises (*Clause 10*);
- Procurement Preference Policy to facilitate marketing of products manufactured by small enterprises (*Clause 11*);
- Without in any way comprising the security, safety and welfare of the workers, reducing the rigour of Inspector Raj through simplified inspection procedure under certain Labour Laws (*Clause 15*);

- Maintenance of simplified records and filing of simplified returns (*Clause 16*); and
- Preventing delayed payments (*Chapter VI*).
- The provisions of this Bill will also be applicable to tiny or micro enterprises.

The Small and Medium Enterprises Development Bill, 2005 was introduced in the Lok Sabha on May 12, 2005. The Department Related Parliamentary Committee on Industry (Chairperson: Santosh Bagrodia) submitted its report on the Bill on August 4, 2005. The Bill was again presented in Lok Sabha on May 18, 2006 and in Rajya Sabha on May 22, 2006.

The Small and Medium Enterprises Development Bill, 2005 was renamed as “Micro, Small & Medium Enterprises Development Act, 2006” aims at facilitating the promotion and development of small and medium enterprises.

1.3.2 *The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993*

The objective behind the enactment of this Act was to provide for and regulate the payment of interest on delayed payments to small scale and ancillary industrial undertakings and for matters connected therewith or incidental thereto. This was repealed by Section 32 of the MSME Act, 2006 (Act No. 27 of 2006) w.e.f. 02.10.2006.

1.3.3 *Enactment of the 'Micro, Small and Medium Enterprises Development Act, 2006 (Act 27 of 2006) (MSME Act)'*

The purpose behind the enactment of the MSME Act was to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto. The Act was published in the Gazette of India on 16th June, 2006. More details about the Act and its Rules are contained in Part III of this book.

The MSME Act, 2006 extends the scope to accomplish many long standing goals of the Government and stakeholders in the MSME sector including the service sector.

1.4 Role of MSME in Indian Economy¹

Micro, Small, and Medium Enterprises (MSME) play a pivotal role in driving entrepreneurial growth and fostering business innovation. By diversifying across sectors, MSME cater to both domestic and global market demands with a wide range of products and services. These enterprises are instrumental in generating significant employment opportunities at a lower capital cost compared to large industries.

The role of MSME and contribution in various aspects of the country's economy is as follows:

GDP → 30.10% (2022-23)

Manufacturing Output → 36% (2022-23)

Export → 45% (2023-24)

Ind Largest Employer after Agriculture

Employment (Udyam Portal and UAP) → 24.4 crore

MSMEs Registered on Udyam / Udyam Assist → 5.77 crore

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¹ Annual Report of 2024-25 of M/s MSME.

PART II:
**Ministry of MSME, its Divisions and
Organisations**

Chapter 2: Ministry of MSME, its Division and Organisations

2.1 Micro, Small and Medium Enterprises Sector

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in the industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

2.1.1 *Khadi and Village Industries (KVI)*

Khadi is the proud legacy of our national freedom movement and the father of the nation. Khadi and Village Industries (KVI) are two national heritages of India. One of the most significant aspects of KVI in the Indian economy is that it creates employment at a very low per capita investment. The KVI Sector not only serves the basic needs of processed goods of the vast rural sector of the country but also provides sustainable employment to rural artisans. KVI today represent an exquisite, heritage product, which is 'ethnic' as well as ethical. It has a potentially strong clientele among the middle and upper echelons of society.

2.1.2 *Coir Industry*

Coir Industry is an agro-based traditional industry, which originated in the state of Kerala and proliferated to the other coconut producing States like Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. It is an export-oriented industry and having greater potential to enhance exports by value addition through technological interventions and diversified products like Coir Geotextiles, etc. The acceptability of Coir products has increased rapidly due to its 'environment-friendly' image.

2.1.3 *Ministry of Micro, Small & Medium Enterprises (M/o MSME)*

Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises.

¹ <https://msme.gov.in/>

2.1.3.1 *Enactment of MSME Act*

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also, enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of “enterprise” which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative mechanism at the national level with a balanced representation of all sections of stakeholders, particularly the three classes of enterprises; and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing the competitiveness of these enterprises, notification of schemes/programmes for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises are some of the other features of the Act.

2.1.3.2 *Merger of Ministry of SSI and Ministry of Agro & Rural Industry to Ministry of Micro, Small and Medium Enterprises*

On 9, May, 2007, subsequent to an amendment of the Government of India (Allocation of Business) Rules, 1961, the erstwhile Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (M/o MSME). This Ministry now designs policies and promotes/facilitates programmes, projects and schemes and monitors their implementation to assist MSMEs and help them to scale up.

2.1.3.3 *Role of State Government in Promotion and Development of MSME*

The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India supplements the efforts of the State Governments through various initiatives. The role of the M/o MSME and its organizations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes/programmes undertaken by the Ministry and its organizations seek to facilitate/provide:

- (i) adequate flow of credit from financial institutions/banks;
- (ii) support for technology upgradation and modernization;
- (iii) integrated infrastructural facilities;
- (iv) modern testing facilities and quality certification;
- (v) access to modern management practices;
- (vi) entrepreneurship development and skill upgradation through appropriate training facilities;
- (vii) support for product development, design intervention and packaging;
- (viii) welfare of artisans and workers;

- (ix) assistance for better access to domestic and export markets and
- (x) cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.

2.2 Organisational Setup of Ministry of MSME

2.2.1 Divisions

The M/o MSME is having two Divisions called the Small & Medium Enterprises (SME) Division and the Agro & Rural Industry (ARI) Division. The SME Division is allocated the work, *inter-alia*, of administration, vigilance and administrative supervision of the National Small Industries Corporation (NSIC) Ltd., a public sector enterprise and the three autonomous national level entrepreneurship development/training organisations. The division is also responsible for the implementation of the schemes relating to Performance and Credit Rating and Assistance to Training Institution, among others. SME Division is also responsible for the preparation and monitoring of Results - Framework Document (RFD) as introduced in 2009 by the Cabinet Secretariat under Performance Monitoring and Evaluation System (PMES). The ARI Division looks after the administration of two statutory bodies viz. the Khadi and Village Industries Commission (KVIC), Coir Board and a newly created organization called Mahatma Gandhi Institute for Rural Industrialization (MGIRI). It also supervises the implementation of the Prime Minister's Employment Generation Programme (PMEGP).

2.2.2 Office of the Development Commissioner

The Implementation of policies and various programmes schemes for providing infrastructure and support services to MSME's is undertaken through its attached office, namely the Office of the Development Commissioner (010 DC (MSME)), National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC); the Coir Board, and three training institutes viz., National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA, National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad, Indian Institute of Entrepreneurship (IIE), Guwahati and Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha a society registered under the Societies Registration Act, 1860.

2.2.3 National Board for Micro, Small and Medium Enterprises (NBMSME)

The National Board for Micro, Small and Medium Enterprises (NBMSME) was established by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made thereunder. It examines the factors affecting promotion and development of MSME, reviews existing policies and programmes and make recommendations to the Government in formulating the policies and programmes for the growth of MSME.

2.3 Vision, Mission and Functions of Ministry of Micro, Small and Medium Enterprises

2.3.1 Vision

Sustainable development of globally competitive micro, small and medium enterprises as an engine of growth for the Indian Economy.

2.3.2 *Mission*

Promote growth and development of micro, small and medium enterprises, including khadi, village and coir industries so as to create new enterprises and more employment opportunities. The long-term goal of the ministry is to enhance manufacturing base in the country by improving performance of MSMEs through skill and entrepreneurship development.

2.3.3 *Functions*

- Facilitation and credit flow to MSMEs
- Improving competitiveness of MSMEs
- Improve manufacturing base through upgradation of technology
- Promotion of MSMEs through cluster bases approach
- Marketing support to MSMEs
- Skill development and entrepreneurship development training
- Creation of new Micro Enterprises through Prime Minister's Employment Generation Program (PMEGP)
- Growth and development of Khadi and Village Industries (KVI) sector
- Growth and development of Coir Industry

2.3.4 *Schemes of the Ministry²*

Ministry of MSME has launched a range of dynamic and comprehensive schemes aimed at fostering the growth and development of Micro, Small, and Medium Enterprises across the country. These initiatives span several key areas including finance, technology, infrastructure, employment generation, entrepreneurship, and marketing. Through programs such as the PM Vishwakarma, Credit Guarantee Scheme, Technology Centres, PMEGP, and Procurement and Marketing Support Scheme, the Ministry seeks to enhance access to resources, improve innovation, and promote inclusivity, particularly for women, SC/ST entrepreneurs, and those in underserved regions. By leveraging these initiatives, the Ministry is committed to improving the overall competitiveness, sustainability, and scalability of MSME, thus contributing to job creation, economic resilience, and the nation's growth trajectory.

2.4 Divisions of Ministry of MSME

2.4.1 *AFI Division*

- HR Section
- Vigilance Section
- Cash Section
- Hindi Section
- G.A. Section
- Protocol Section
- RTI & PG Cell

² Annual Report 2024-25 of M/o MSME.

2.4.2 SME Division

2.4.2.1 International Cooperation Section

The I.C. Section of SME Division of the Ministry of MSME take care of the following activities:

- All matter of bilateral relations with other countries including signing/implementation/follow-up of Memorandum of Understanding (MOUs)/Agreements/Joint Action Plans, etc. in the MSME Sector at Ministry-to-Ministry level.
- All matters of bilateral relations between NSIC and counterpart organisations including signing/implementation/follow-up of Memorandum of Understanding (MoUs)/Agreements/Joint Action Plans, etc. in the MSME sector.
- Matters of Inter-Ministerial meetings of bilateral cooperation in the MSME sector.
- Matters of processing foreign deputations proposals of officers of MSME Division under bilateral cooperation.
- Maintaining data relating to foreign visits undertaken by the Officers of the Ministry including Office of DC, MSME.
- All matters of administering International Cooperation Scheme for grant of financial assistance to MSME organisations/associations/registered societies/trusts associated with the MSME for technology infusion, upgradation, modernisation and promotion of exports of Indian MSMEs.
- Parliamentary Matters related to IC.
- RTI matters related to IC.
- Furnishing of Returns – RTI and Hindi related to IC.
- Furnishing of information/material for Annual Report/Result Framework Document/Financial management/Monthly summary for the Cabinet, etc. related to IC.

2.4.2.2 SME Section

The SME Section of the SME Divisions of the Ministry of MSME takes care of the following activities:

- All administrative matter of National Small Industries Corporation Limited (NSIC) including appointment of Board Level posts;
- MoU between NSIC and M/o MSME;
- Preparation/coordination of material of Department related Parliamentary Standing Committee related to SME Section.
- Preparation/coordination of material for Parliament Question received from other Ministries/Department related to SME Section.
- Budgetary Matters relating to NSIC;
- Preparation of various reports such as IEBR, Quarterly Guarantee Fee of NSIC, Financial Management Report, unspent balance report, etc;
- Audit Paras relating to NSIC and National SC-ST Hub (NSSH) Scheme;

- Reference received from DPE, PESB, Ministry of Finance, etc, relating to CPSE;
- Logo support of Ministry of MSME to Industry Association and Non-Governmental Organizations;
- RTI matters relating SME Section and NSSH Scheme;
- PMO/Cabinet Secretariat/VIP reference in respect of NSIC;
- Court Cases relating to NSIC;
- Grievance received in Centralized Public Grievance Redress and Monitoring System (CPGRAMS) matters relating SME Section and NSSH Scheme;
- National SC-ST Hub (NSSH): Implementation of following interventions of NSSH Scheme through NSIC:
 - Special Credit Linked Capital Subsidy Scheme (SCLCSS)
 - Special Marketing Assistance Scheme (SMAS)
 - Reimbursement of fee under Single Point Registration Scheme (SPRS)
 - Reimbursement of membership fee of various export promotion councils
 - Reimbursement of testing fee charged by various NABL and BIS accredited charges
 - Reimbursement of Bank Loan Processing Fee
 - Reimbursement of bank charges for bank guarantees obtained by SC/ST MSEs for participation in Government tenders
 - Reimbursement of membership fee of B2B portal (GeM, e-khadi, TRIFED, Tribes India, MSME Mart, etc)
 - Reimbursement of capacity building management course fee, etc
 - Top 50 NIRF Rated Management Institution's Short-Term Training program Fee Reimbursement Scheme
- Convening of meetings of High Power Monitoring Committee, Advisory Committee and Project Screening Committee under NSSH:
- Release of funds to NSIC and NSSH;
- Preparation of Media plan for NSSH.

2.4.2.3 EDI Section

- All administrative matters pertaining to Ni-MSME, Hyderabad and residuary matters, if any, pertaining to NIESBUD and IIE.
- All matters relating to implementation of plan Scheme "Assistance to Training Institutions" (ATI)
- Matters pertaining to Union Territories in relation to industry.
- Laying of Annual Reports of Ni-MSME, ANIIDCO, OIDC, etc. on the Table of both the Houses of Parliament.
- Material for Annual Report of Ministry of MSME pertaining to above Schemes.
- VIP Reference/Parliament Question relating to above schemes/organisations.

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- Budgetary Matters/Annual Plan Proposals for ATI Scheme.
- All matters pertaining to Parliamentary Standing Committee to the above schemes/organisations.
- Court cases relating to the above subject.
- Audit Para/ATN relating to the above subject.

2.4.2.4 *Women Entrepreneurship Cell (WEC)*

- Drives Initiatives to support and enhance women's participation in the MSME sector.
- Identifies sector trends, informing policies and programs to address barriers being faced by women.
- Addresses issues from Parliamentary Committees, RTI queries and Parliamentary Questions related to women entrepreneurs.
- 'Yashasvini' campaign, in partnership with NITI Aayog and other Ministries of GoI with an aim to bridge the gender gap in formalization and promote women entrepreneur's access to credit/market/technology and capacity building by leveraging 'whole of business cycle' approach.
- Collaborate with other Ministries/Organizations/Industry Associations to promote women entrepreneurs.

2.4.2.5 *Media Cell*

- Administer Information, Education and Communication Scheme implemented by the Ministry
- Campaigns in electronic media, print media, social media, outdoor publicity and other related activities
- Organizing press meet/conference with mainstream active journalists.
- Organise events/conferences/discussions to create awareness about schemes implemented by the Ministry and its attached organisations, etc.

2.4.3 *Agro and Rural Industries (ARI Division)*

2.4.3.1 *Coir Section*

The Coir Section of ARI Division of the Ministry of MSME takes care of the following activities:

- Parliament Questions/Assurances/Special Mention
- All Establishment Matters of Coir Board (i.e., Reconstitution of Coir Board, Appointments, promotions, upgradation and creation of Post, Framing/ amendment of Rules & Regulations, Service Bye-Laws, etc.)
- Court Cases
- Laying of Annual Report and Audit Report of Coir Board and other papers in the Parliament
- Participation in International fairs of Coir Board

- Agenda/Minutes of the Board meetings of Coir Board
- Release the funds to the Coir Board,
- Preparation of BE -RE, Annual Plan, Performance Budget, Outcome Budget
- Implementation of Coir Board Schemes
- All references received from Coir Board relating to Plan Schemes and other Admn./ Establishment Matters
- Formulation/approval of Plan Schemes-including preparation of Notes for SFC/ EFC/CCEA
- Issues relating to Coir Export Incentives
- CAG/Audit Paras
- VIP/PMO references
- Miscellaneous matter

2.4.3.2 *KVI(I) Section*

- Preparation of Budget, Annual Plan of KVIC, MGIRI, Coir Board
- Release of funds to KVIC under various schemes except PMEGP like MPDA (MDA), ISEC, Workshed for Khadi Artisans, Strengthening of infrastructure, Khadi Reform & Development Programme (KRDP), SFURTI, JBY, etc.
- Release of funds under ASPIRE
- Accounts & Audit, preparation of replies to and monitoring of audit paras & meetings relating to subject matter
- Release of funds to MGIRI
- All Parliamentary matters including Questions, Assurances, notices, etc. relating to KVIC, MGIRI
- Seeking information for preparation of replies to questions of DRPSCI
- Laying of report of DRPSCI
- Annual Report of KVIC, MGIRI in Parliament
- Preparation of Five Year Plan of KVIC, MGIRI & Coir Board
- Material for Annual Report of the Ministry from KVIC, Coir Board, MGIRI
- Preparation of Outcome Budget of ARI Division
- Material for NSDA, Skill Development Reports
- Preparation of replies to RTI Applications, etc.
- PMO/MP/VIP references.
- Collection of and onward transmission of information on monthly DO to Cabinet Sectt., PMO from KVIC, MGIRI and Coir Board, etc.

Work Allotted to the Section

- Work related to all the Schemes of KVIC like MPDA (MDA), ISEC, workshed for Khadi Artisans, Strengthening of infrastructure, Khadi Reforms & Development Programme (KRDP), ASPIRE, SFURTI, JBY, MGIRI, Evaluation of these schemes,

convening of EFC/SFC meetings for these schemes, preparation/circulation of their Minutes, follow-up action on minutes, core Group Meetings and meetings related to the subject matter including examination of agenda note and ATN on the minutes.

- Preparing comments on EFC/SFC/Cabinet Notes received from other Ministries/ Departments
- Seeking approval for proposals for participation/deputation of KVIC in international exhibitions.
- Follow-up on points related to the Division in e-Sameeksha matters.
- Monitoring of Public Grievances related to CPGRAM, PRAGATI, PMO/MP/VIP references.
- Preparation of replies to RTI Applications, etc.

2.4.3.3 KVI (II) Section

- Establishment matters of KVIC such as up-gradation/expunging of remarks in APAR/ACR of officers of KVIC, up-gradation of pay scales; inclusion of KVIC employees under CGHS; Pension, compassionate appointments, merger of trading cadre, MACP of KVIC employees, appointment of Commissioner of KVI, etc.
- Amendment to KVI Act
- All Court cases related to MGIRI, KVIC, such as upgradation of pay scale, National Pension System (NPS), Pension, loans,
- Constitution of Khadi and Village Industries Commission (KVIC)
- Consideration of proposals for disposal/eviction of land of KVIC
- Constitution of National KVI Board
- Constitution of Standing Finance Committee of KVIC
- Constitution of General Council (GC) & Executive Council (EC) of MGIRI
- PMO/MP/VIP references
- Complaint against KVIC employees, preparation of replies to RTI Applications
- Implementation of official language policy, etc. of KVIC & MGIRI
- Reports and Returns on OL
- RTI in respect of Division, etc.

2.4.3.4 PMEGP Section

- Correspondence with States & KVIC regarding issues relating to Targets, Policy, Progress/Achievement under PMEGP
- Funds released under PMEGP
- Policy matters relating to PMEGP Scheme
- Monitoring of PMEGP Scheme
- Parliament Questions on PMEGP
- Parliamentary Committee Meeting, Review meetings on PMEGP at various levels

- RTI Matters relating to PMEGP and PMRY
- Recording and reviewing of files

2.4.4 Internal Finance & Budget

The Internal Finance Wing of the Ministry of MSME takes care of the following activities:

- Examines the various proposals received from the Programme Divisions of Ministry and the O/o DC, (MSME) and give concurrence on financial matters.
- Tender advise on policy matters involving government expenditure, duly factoring in the sectoral priorities/ goals/ objectives.
- Examines Cabinet/EFC/SFC proposals of the Ministry and O/o DC, MSME and tender comments.
- Scrutiny of and concurrence to foreign deputation proposals of officers of Ministry of MSME including O/o DC, MSME.
- Monitoring of expenditure against budget on Monthly & Quarterly basis.
- Monitoring of Expenditure Scheme Wise and Object Head wise in respect of SCSP, TASP and NER on Monthly & Quarterly basis.
- Preparation of Detailed Demands for Grants (DDG), Appropriation Account, Statement of Budget Estimates (SBE).
- Uploading of Statement of Budget Estimate (SBE), Budget Estimate (BE), Revised Estimate (RE) and Actual Expenditure in Union Budget Information System (UBIS) Portal.
- Compilation of Output and Outcome indicators and targets in respect of all its Central Sector Schemes in consultation with Scheme divisions and NITI Aayog. Uploading of the achievements against the targets for various indicators on the dashboard of NITI AAYOG on quarterly basis.

2.4.5 DBT Division

The DBT Division of the Ministry of MSME takes care of the following activities:

- On-boarding of Schemes of the Ministry on DBT Portal
- Monthly Updation of data in respect of Schemes of the Ministry on DBT Portal
- Any other issue concerning DBT
- Analyses of available datasets and reports from existing data sources and provide technical inputs for evidence basis decision making pertaining to MSME Sector
- Socio-economic profiling of the MSME Sector and tracking its changes over time.
- Setting up task forces on how to enumerate export from the MSME sector and to prepare sampling frame for periodic surveys.
- Technical coordination with all stakeholders for updation of MSME database.
- Tracking progress on SDG indicators.
- Regular Coordination with International and Regional agencies for identification of improved policy agenda.

2.5 Organisations Attached with the Ministry of MSME

2.5.1 Office of Development Commissioner (MSME)

The Micro, Small and Medium Enterprises- Development Organisation (MSME-DO) is headed by the Additional Secretary & Development Commissioner (MSME). The Office of the Development Commissioner (Micro, Small & Medium Enterprises) assists the Ministry in formulating, co-ordinating, implementing and monitoring different policies and programmes for the promotion and development of MSMEs in the country. In addition, it provides a comprehensive range of common facilities, technology support services, marketing assistance,, etc. through its network of:

- 30 Micro, Small and Medium Enterprises-Development Institutes (MSME-DIs);
- 28 Branch MSME-DIs;
- 4 MSME Testing Centres (MSME-TCs);
- 7 MSME-Testing Stations (MSME-TSs);
- 2 MSME-Training Institutes (MSME-TIs); and
- 1 MSME-Technology Development Center-Hand Tools (MSME-TDC-Hand Tools).

The DC (MSME) also operates a network of Tool Rooms and Technology Development Centres (including 2 Footwear Training Institutes) which are autonomous bodies registered as Societies under the Societies Act.

2.5.2 Khadi & Village Industries Commission (KVIC)

The Khadi & Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy.

2.5.2.1 Objectives

The main objectives of KVIC include—

- The social objective of providing employment in rural areas;
- The economic objective of producing saleable articles; and

The wider objective of creating self-reliance amongst people and building up a strong rural community spirit.

2.5.2.2 Functions

The functions of KVIC as prescribed under the KVIC Act, 1956 (61 of 1956) and Rules made thereunder, include:

- To plan and organize training of persons employed or desirous of seeking employment in khadi and village industries;
- To build up directly or through specified agencies reserves of raw materials and implements and supply them or arrange supply of raw materials and implements to persons engaged or likely to be engaged in the production of hand-spun yarn or khadi or village industries at such rates as the Commission may decide;

- To encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and otherwise facilitate production and marketing of khadi or products of village industries;
- To promote the sale and marketing of khadi or products of village industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible;
- To encourage and promote research in the technology used in khadi and village industries, including the use of non-conventional energy and electric power to increase productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arrange for dissemination of salient results obtained from such research;
- To undertake directly or through other agencies, studies of the problems of khadi or village industries;
- To provide financial assistance directly or through specified agencies to institutions or persons engaged in the development and operation of khadi or village industries and guide them through supply of designs, prototypes and other technical information, to produce goods and services for which there is effective demand in the opinion of the Commission;
- To undertake directly or through specified agencies, experiments or pilot projects which in the opinion of the Commission, are necessary for the development of khadi and village industries;
- To establish and maintain separate organizations for the purpose of carrying out any or all of the above matters.

The Commission is headed by a full-time Chairman and consists of 10 part-time Members. The KVIC has been identified as one of the major organizations in the decentralized sector for generating sustainable rural non-farm employment opportunities at a low per capita investment. This also helps in checking migration of rural population to urban areas in search of the employment opportunities. The main functions of the KVIC are to plan, promote, organize and assist in implementation of the programmes/projects/schemes for generation of employment opportunities through development of khadi and village industries. Towards this end, it undertakes activities like skill improvement, transfer of technology, research & development, marketing,, etc. KVIC co-ordinates its activities through State KVI boards, registered societies and cooperatives. It has under its aegis a large number of industry-specific institutions spread in various parts of the country.

2.5.3 Coir Board

The Coir Board is a statutory body established under the Coir Board Industry Act, 1953 (No. 45 of 1953) for promoting overall development of the coir industry and improving the living conditions of the workers engaged in this traditional industry.

The Coir Board consists of a full-time Chairman and 39 part-time Members. The activities of the Board for development of coir industries, *inter-alia* include:

- Undertaking scientific, technological and economic research and development activities;

- Collecting statistics relating to exports and internal consumption of coir and coir products; developing new products and designs; organizing publicity for promotion of exports and internal sales; marketing of coir and coir products in India and abroad;
- Preventing unfair competition between producers and exporters;

Assisting the establishment of units for manufacture of the products; promoting co-operative organization among producers of husks, coir fibre, coir yarn and manufacturers of coir products; ensuring remunerative returns to producers and manufacturers,, etc.

2.5.3.1 Objectives

India is the largest coir producer in the world accounting for more than 80 per cent of the total world production of coir fibre. The coir sector in India is very diverse and involves households, co-operatives, NGOs, manufacturers and exporters. This is the best example of producing beautiful artifacts, handicrafts and utility products from coconut husks which is otherwise a waste. The coir industry employs more than 7.00 lakh persons of whom a majority are from rural areas belonging to the economically weaker sections of society. Nearly 80% of the coir workers in the fibre extraction and spinning sectors are women. The Coir Board is tasked with promoting the overall development of the coir industry and improvement of the living conditions of the workers engaged in this traditional industry.

2.5.3.2 Functions

The functions of the Coir Board for the development of coir industry, *inter-alia*, include:

- Promoting exports of coir yarn and coir products and carrying on propaganda for that purpose.
- Regulating under the supervision of the Central Government the production of husks, coir yarn and coir products by registering coir spindles and looms for manufacturing coir products as also manufacturers of coir products.
- Undertaking, assisting or encouraging scientific, technological and economic research and maintaining and assisting in the maintenance of one or more research institutes;
- Collecting statistics from manufacturers of and dealers in coir products and from other persons as may be prescribed, on any matter relating to the coir industry and the publication of statistics so collected.
- Fixing grade standards are arranged when necessary for inspection of fibre, coir yarn and coir products.
- Improving the marketing of coconut husk, coir fibre, coir yarn and coir products in India and elsewhere and preventing unfair competitions;
- Setting up or assisting in the setup of factories for the producers of coir products with the aid of power.
- Promoting co-operative organization among producers of husks, coir fibre and coir yarn and manufactures of coir products.
- Ensuring remunerative return to producers of husks coir fibre and coir yarn and manufacturers of coir products;
- Advising on all matters relating to the development of the coir industry.