GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1880
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CLASSIFICATION OF SMALL INDUSTRIES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) The criteria adopted for the classification of MSMEs; and

(b) The details of legal provisions for regulating the functioning of MSMEs in the country?

Answer

THE MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES (INDEPENDENT CHARGE) (SHRI DINSHA PATEL)

(a) Enterprises have been classified under the Micro, Small and Medium Enterprises Development Act, 2006 broadly into

(i) Enterprises engaged in the manufacture / production of goods pertaining to any industry &

(ii) Enterprises engaged in providing / rendering of services.

The manufacturing and service enterprises have been further classified into micro, small and medium based on investment in plant and machinery and in equipments respectively. Details are as under:

Class /Category	Manufacturing	Service
Micro Enterprises	Investment upto Rs.25 lakhs	Investment upto Rs.10 lakhs
Small Enterprises	Investment above Rs.25 lakh and upto Rs.5 crore	Investment above Rs.10 lakh and upto Rs.2 crore
Medium Enterprises	Investment above Rs.5 crore and upto Rs.10 crore	Investment above Rs.2 crore and upto Rs. 5 crore

(b) The Micro, Small and Medium Enterprises Development Act, 2006 aims at facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith and incidental thereto. The Act provides for a statutory consultative mechanism at the national level with wide representation of all sections of stakeholders, particularly three classes of enterprises i.e. micro, small and medium enterprises, and with a wide range of advisory functions. The Act also contains enabling provisions for notification of schemes/programmes for micro, small and medium enterprises, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises and mechanisms for mitigating the problems of delayed payments to micro and small enterprises.