

Bill Summary

The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2018

- The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2018 was introduced in Lok Sabha by the Minister of State for Micro, Small and Medium Enterprises, Mr. Giriraj Singh on July 23, 2018. The Bill amends the Micro, Small and Medium Enterprises Development Act, 2006. The Act classifies and regulates enterprises as micro, small and medium enterprises.
- The Act classifies micro, small and medium enterprises (MSMEs) on the basis of investment in: (i) plant and machinery, for enterprises engaged in the manufacturing or production of goods, and (ii) equipment, for enterprises providing services. The Bill introduces a uniform classification for all MSMEs. Under the Bill, all MSMEs, whether they are manufacturing or service-providing enterprises, will be classified on the basis of their annual turnover.
- The changes in the classification of MSMEs are given in Table 1.

Table 1: Classification of enterprises as micro, small and medium enterprises (in Rs)

Type of Enterprise	2006 Act		2018 Bill
	Manufacturing	Services	All enterprises
	Investment in Plant and Machinery	Investment in Equipment	Annual Turnover
Micro	25 lakh	10 lakh	5 crore
Small	25 lakh to 5 crore	10 lakh to 2 crore	5 to 75 crore
Medium	5 to 10 crore	2 to 5 crore	75 to 250 crore

- The central government may change these annual turnover limits through a notification. The maximum turnover may be up to three times the limits specified in the Bill.
- Under the Act, the central government may classify micro, tiny or village enterprises as small enterprises. The Bill seeks to extend this to allow the classification of micro, tiny or village enterprises as small as well as medium enterprises.

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