

MSMED ACT-2006

- Manufacturing enterprises have been defined in terms of investment in plant and machinery(excluding land and buildings) and further classified into:
- Micro(earlier called Tiny) Enterprises – investment up to Rs 25 Lakhs.
- Small enterprises- investment above 25 Lakh and upto Rs 5 crores.
- Medium enterprises- investment above Rs 5 crore and up to Rs 10 crore

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

NOTIFICATION

New Delhi, the 26th June, 2020

1. Classification of enterprises.-An enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely:--

- (i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and
- (iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Objectives of small scale industries

1. Creation of greater employment opportunities.
2. reduction of regional imbalances by encouraging setting up of small scale industries in under developed regions.
3. Contribution to overall industrial development of the country.
4. To meet consumer needs by supplying products and services at reasonable prices.
5. Optimum utilization of skills at local level.
6. To develop products that can replace imported goods thus saving foreign exchange

Objectives of small scale industries

7. To reduce disparities in income and wealth.
8. Attainment of self reliance.
9. To improve standard of living.
10. To create decentralized pattern of ownership.
11. To encourage local entrepreneurship.

Characteristics of small scale industries.

7. Capital investment is less.
8. Number of people employed per unit is less.
9. Generally they are family owned and organized as sole ownership organizations. Some of them are formed on partnership basis with 2 or 3 partners.
10. To create decentralized pattern of ownership.
11. To encourage local entrepreneurship.
4. Employees of the SSI are generally unorganized.
5. Fixed assets of SSI form the largest component of investments.
6. Success of the unit depends on the entrepreneurial ability of the owners.