

Issuance of Notification under MSME Act 2006 for changing the existing criteria of classification of an Enterprise

Criteria of classification of an enterprise under MSME Act has been changed:

In pursuance of the announcements made by the Central Govt to combat challenges caused due to Covid-19, the Govt. has issued a Notification¹ for changing the existing criteria of classification of an enterprise into Micro, Small or Medium enterprise.

Now as per new criteria prescribed which is effective from 1st July 2020 onwards, any enterprise (whether manufacturing or service provider) will be classified accordingly to the level of investment into Plant and machinery Or Equipments and the extent of Turnover.

Accordingly, following is the new criteria:

- **Micro Enterprise:** Investment in Plant and Machinery Or Equipment does not exceed Rs. 1 crore and Turnover does not exceed Rs. 5 crore
- **Small Enterprise:** Investment in Plant and Machinery Or Equipment does not exceed Rs. 10 crore and Turnover does not exceed Rs. 50 crore
- **Medium Enterprise:** Investment in Plant and Machinery Or Equipment does not exceed Rs. 50 crore and Turnover does not exceed Rs. 250 crore

- ☺ The investment limit in new criteria has been revised upwards significantly and due to which more number of business will be eligible for classifying the MSME Act and accordingly, can avail benefits available under MSME Act and other benefits provided by the Govt.

¹ Ministry of Micro, Small and Medium Enterprises Notification No. SO 1702 (E) dated: 01.06.2020

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