



news flash  
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**Amendments to the Classification of MSME**

The Ministry of Small Scale Industries had, vide a notification dated 29<sup>th</sup> September 2006, classified micro, small and medium enterprises as follows:

| <b>Criteria : Investment in Plant and Machinery or Equipment</b> |                        |                       |                        |
|--|------------------------|-----------------------|------------------------|
| <b>Classification</b>  | <b>Micro</b>           | <b>Small</b>          | <b>Medium</b>          |
| <b>Mfg. Enterprises</b>  | Investment < Rs.25 lac | Investment < Rs5 Cr.  | Investment < Rs.10 Cr. |
| <b>Service Enterprises</b>                                       | Investment < Rs.10 lac | Investment < Rs.2 Cr. | Investment < Rs.5 Cr.  |

By a notification dated 1<sup>st</sup> June 2020, the Ministry of Micro, Small and Medium Enterprises (“**Notification**”) has suppressed the abovementioned notification of 29<sup>th</sup> September, 2006 and amended the classification of micro, small and medium enterprises as follows:

| <b>Composite Criteria: Investment And Annual Turnover</b> |   |   |  |
|---|---|---|--|
| <b>Classification</b>                                     | <b>Micro</b>  | <b>Small</b>  | <b>Medium</b>  |
| <b>Manufacturing &amp; Services</b>                       | Investment < Rs.1 Cr.<br>and<br>Turnover < Rs.5 Cr. | Investment < Rs10 Cr.<br>and<br>Turnover < Rs50 Cr. | Investment < Rs.50 Cr.<br>and<br>Turnover < Rs.250 Cr. |

**The Notification is to come into effect from 1<sup>st</sup> July 2020.**

The Notification has been published pursuant to the economic reliefs announced by Finance Minister Mrs. Nirmala Sitharaman on 13<sup>th</sup> May 2020. In our view, the amended classification of micro, small and medium enterprises (“MSMEs”), ought to extend the reliefs announced by the Finance Minister to a larger number of enterprises. As the threshold for the definitions of MSMEs has been raised, the number of enterprises that fall within this umbrella will increase substantially. As such, the economic stimulus proposed to be offered to MSMEs by the government will now be available to a greater pool of enterprises, which will in turn aid industries suffering from massive losses to return to business.

For a copy of the notification, [click here](#).

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