


MICRO, SMALL AND MEDIUM ENTERPRISES UNDER MSMED Act, 2006¹

|  | | Manufacturing Sector | Service Sector |
|--|--------|---|--|
| | | Investment in Plant & Machinery | Investment in Equipment |
| EXISTING DEFINITION² | | | |
| | Micro | Less than Rs. 25 lacs | Less than Rs. 10 lacs |
| | Small | Rs. 25 Lacs or more up-to Rs. 5 Crores | Rs. 10 Lacs or more up-to Rs. 2 Crores |
| | Medium | Rs. 5 Crores or more up-to Rs. 10 Crores | Rs. 2 Crores or more up-to Rs. 5 Crores |
| NEW DEFINITION³ | | Investment in <u>Plant and Machinery</u> & Turnover | Investment in <u>Equipment</u> & Turnover |
| | Micro | Investment less than Rs. 1 Crores AND Turnover less than Rs. 5 Crores | |
| | Small | Investment Rs. 1 Crores or more but less than Rs. 10 Crores AND Turnover Rs. 5 Crores or more but less than Rs. 50 Crores | |
| | Medium | Investment Rs. 10 Crores or more but less than Rs. 20 Crores AND Turnover Rs. 50 Crores or more but less than Rs. 100 Crores | |

Notes

- a) All type of constitution like proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called, is allowed to be registered as MSME.
- b) What is included and excluded in investment in Plant & Machinery- **See annexure 1**
- c) Definition of equipment⁴
 - I. the set of articles or physical resources serving to equip a person or thing: such as
 - i. the implements used in an operation or activity
 - ii. all the fixed assets other than land and buildings of a business enterprise
 - iii. the rolling stock of a railway
 - II. a piece of such equipment

¹ Micro, Small and Medium Enterprises Development Act, 2006 notified on 16th June 2006

² Notified by MSME Ministry notification dated 29th September 2006 published in gazette vide S.O.No. 1642(E) dated 30th September, 2006 [Refer section 7 of MSMED Act]

³ New definition is proposed by Finance Minister and corresponding amendment will be done in the MSMED Act, 2006.

⁴ Not defined in in MSMED Act, taken from Merriam-webster dictionary

Annexure-1

Specific exclusions for calculation of investment in Plant & machinery

| Items | Basis of Value | Reference |
|---|--|---|
| Cost of pollution control, research and development, industrial safety devices and specified items. | Original price (whether plant & machinery new or old) | Explanation 1 to section 7(1) of MSMED Act, 2006 |
| Tools, jigs, dies, moulds and spare parts for maintenance and cost of consumable stores | | |
| Installation cost | | |
| Research and Development equipment and pollution control equipment | Original price (whether plant & machinery new or old) | |
| Power generation set and extra transformer as per regulation of state electricity board | | |
| Bank charges and other charges paid to NSIC or SSC | In case of imported machinery, import duty, custom clearance charges, shipping charges, taxes will be excluded | Notification No S.O. 1722(E) dated 5 th October 2006 |
| Parts and consumables required for providing electricity to plant and machinery or other safety measures. | | |
| Gas producer plants | | |
| Transportation charges for local machinery from place of manufacture to site of enterprises | | |
| Technical know-how charges for erection of plant and machinery | | |
| Raw material storage tanks | | |
| Firefighting equipment | | |



Registration under MSMED Act

- ✓ Visit [this link](#) for official website of MSME “Udyog Aadhaar Portal”
- ✓ Mobile must be linked with AADHAAR as OTP based authentication
- ✓ No documents to upload
- ✓ No government fees
- ✓ Instant registration certificate once fill all information and click submit.