

NDA Update – Revision of definitions of various types of MSMEs

In terms of notification dated 21.03.2025 issued under the Micro, Small and Medium Enterprises Development Act, 2006, the classification criteria of various types of MSMEs have been revised.

The revised classification criteria shall be made applicable from 01.04.2025

Type of Enterprise	Revised Limit from 01.04.2025		Existing Limit up to 31.03.2025	
	Investment in plant and machinery or equipment	Turnover	Investment in plant and machinery or equipment	Turnover
Micro	< Rs. 2.5 Cr	< Rs. 10 Cr	< Rs. 1 Cr	< Rs. 5 Cr
Small	< Rs. 25 Cr	< Rs. 100 Cr	< Rs. 10 Cr	< Rs. 50 Cr
Medium	< Rs. 125 Cr.	< Rs. 500 Cr	< Rs. 50 Cr.	< Rs. 250 Cr

In view of the amendment, more enterprises will qualify as Micro or Small enterprises. Some of enterprises which were till now classified as Medium enterprises, may be classified as Small enterprise.

Although enterprises have been classified under 3 categories, yet the benefits of timely payment, interest etc are available to Micro & Small Enterprises and not to the Medium Enterprises. Besides the disallowance under Section 43B(h) applies to Micro & Small Enterprises only.

Thus, the buyers will be required to recheck the classification of their suppliers under MSMED Act.

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