

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:6834
ANSWERED ON:17.05.2012
LEGAL STRUCTURE FOR SSI
Das Shri Ram Sundar;Karwariya Shri Kapil Muni

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the present legal structure of the country is conducive to the development of small scale industries (SSIs) sector;
- (b) if so, the details thereof;
- (c) whether there are different laws in various States in regard to small scale industries;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to enact a uniform law across the country for SSIs?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a)&(b): The present legal structure is provided in the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The Act addresses several concerns regarding development of micro small and medium enterprises (earlier known as Small Scale Industries Sector) and, inter alia, provides for:

- (i) recognition of the concept of "enterprises" (comprising both manufacturing and services) which are further classified into micro, small and medium;
- (ii) a statutory consultative mechanism at the national level with wide representation of all sections of stakeholders, particularly three classes of enterprises;
- (iii) Preference in Government procurements to products and services of the micro and small enterprises; and
- (iv) more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises.

(c) to (e): As per information received from States, no State has a separate law governing the operations of the MSME enterprises sector specifically. The Central Government has promulgated the MSMED Act, 2006 which applies to the whole country.