

## **The Micro, Small and Medium Enterprises Development Act, 2006**

The above Act has come into force on 2<sup>nd</sup> October, 2006. All such Enterprises, who have filled a memorandum with the concerned authority and got themselves registered as Micro or Small or Medium Enterprise as per this Act, are requested to inform BHEL, Haridwar about their registration along with a duly self certified copy (by Chief Executive of the Enterprise) of the valid registration certificate. Any change in classification of such Enterprise must also be informed promptly. The relevant documents in case of HEEP vendors may be sent along with a covering letter **indicating the Vendor Code clearly** to :-

**Sr. DGM (MM-Admn),  
Heavy Electrical Equipment Plant,  
Bharat Heavy Electricals Ltd,  
Ranipur, Haridwar - 249 403,  
UTTARAKHAND.**

The Enterprises classified as per the Act are also required to attach a duly self certified copy (by Chief Executive of the Enterprise) of the valid registration certificate along with each invoice against each despatch of all purchase orders.

This notification is for the purpose of meeting BHEL obligations under the Act. Salient provisions of the Act are given below.

**GM (MM)  
HEEP-BHEL, HARIDWAR**

## [The Micro, Small and Medium Enterprises Development Act, 2006](#)

### A. Preamble

The Act has come into force on the 2<sup>nd</sup> day of October 2006 the date notified by the Central Government. With the introduction of this act the interest on delayed payment to small scale and ancillary Industrial undertakings Act, 1993 has been repealed.

### B. Important Definitions

#### 1) Enterprises

An industrial undertaking or a business concern or any establishment by whichever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the first schedule to the Industrial (Development & Regulation ) Act, 1951 or engaged in providing or rendering of any service or services.

#### 2) Type of Enterprises

a) In the case of Enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951.

##### Type of enterprise

Micro Enterprises  
Small Enterprises  
Medium Enterprises

##### Investment in Plant & Machinery

Investment  $\leq$  Rs. 25 lakhs  
Investment  $>$ Rs. 25 lakhs but  $\leq$ Rs. 5 crore  
Investment  $>$  Rs.5 crore but  $\leq$ Rs.10 crores

b) In the case of Enterprises engaged in providing or rendering of services:

##### Type of enterprises

Micro Enterprises  
Small Enterprises  
Medium enterprises

##### Investment in Equipments

Investment  $\leq$  Rs. 10 lakhs  
Investment  $>$ Rs. 10 lakhs but  $\leq$ Rs. 2 crore  
Investment  $>$  Rs.2 crore but  $\leq$ Rs.5 crores

**NOTE:** Investment in Plant & Machinery excludes cost of pollution control, research & development, Industrial safety devices.

#### 3) Supplier

A Micro & Small Enterprises, which has filled a memorandum with the concerned authority and got the registration as micro & small enterprises as per this Act.

#### 4) Appointed Day

The day following immediately after the expiry of the period of 15 days from the day of acceptance or the day of deemed acceptance.

- 5) **Acceptance day**  
The day of the actual delivery of goods or the rendering of services  
or  
Where any objection is made in writing by the buyer regarding acceptance within 15 days from the day of delivery of goods or rendering of services, the day on which such objection is removed by the supplier.

- 6) **Deemed Acceptance day**  
Where no objection is made in writing by the buyer regarding acceptance of goods or services 15 days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods and the rendering of services.

In nutshell, if no objection is raised within 15 days from the day of delivery of goods or services, then the day of actual delivery shall be acceptance day.

**C. Delayed Payments to Micro & Small Enterprises**

**a) Due date of payment**

- 1) Before the date agreed in writing between buyer & supplier provided in no case agreed period shall exceed 45 days from the day of acceptance or the day of deemed acceptance.
- 2) In case of there is no written agreement before the appointed day.

**b) Interest for failure of payment within due date**

Liable to pay compound interest with monthly interest at 3 times of the bank rate notified by the Reserve bank of India from the appointed day or date agreed between buyer and supplier.