How Do Economies Define Micro, Small and Medium Enterprises (MSMEs)?

Khrystyna Kushnir. The author would like to acknowledge the valuable contribution of Melina Laura Mirmulstein and Rita Ramalho.

The note covers official and working definitions of MSME by governments and private financial institutions for 120 economies.1 This note also includes a matrix of variables used for defining MSME, which summarizes what the most common characteristics of MSME definitions are. These variables include number of employees, assets, turnover, capital and investment; and these variables can be differentiated by industry in some cases. For the analysis of the distribution of the MSME definitions by number of employees and by region, as used in the MSME Country Indicators (MSME-CI), please see the note “Micro, Small, and Medium Enterprises around the World: How Many Are There, and What Affects the Count?”2

Within an economy, there are often more than one agency that have their own MSME definition (e.g. statistical institutes, private banks, governmental MSME promotion agencies and others). Out of 120 economies covered, 26 economies have more than one MSME definition.

Asterisk (*) signifies that the definition is the same as the one applied in the MSME-CI, which is, in most cases, the definition applied by the national statistical institute or its equivalent.

The legal definition usually provides the name of the national law and/or its abstract; or direct quote from the official document by the originator of the definition; or secondary source referencing the law or the official document, which contains the definition.

While the definition could be in the national language and include broad coverage of the topic, the interpretation provides succinct summary of the content, either in English or the national language.

Disclaimer: The information in the note comes from secondary sources. All sources are cited. The interpretation of the laws has no legal value. This information was collected for research purposes only. Please inform us about any updates or corrections to the MSME definitions through the MSME-CI web site http://www.ifc.org/msmecountryindicators.

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1 This is a companion note for the MSME Country Indicators (MSME-CI), which records the number of formally registered MSMEs across 132 economies. MSME definitions for 12 economies (out of 132 economies included in MSME-CI) were not available.

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## Matrix of MSME Definitions

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<th>Turnover/Capital/Investment</th>
<th>Definition distinguishes micro, small, and medium enterprises</th>
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<td>• No more than 25% of the capital must be owned by one or more outside companies.</td>
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<td>• There are two definitions: one for statistical purposes and one for labor regulation purposes.</td>
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<td>• Small businesses must have independent ownership and operations.</td>
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<td>• Definitions by different agencies e.g. Canadian Bankers Association, Export Development Corporation and Industry Canada have different turnover limits.</td>
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<td>• Definition distinguishes between autonomous, partner and linked enterprises.</td>
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<td>One of the variables of the definition is ‘power used’ (measured in horsepower).</td>
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<td>Definition distinguishes only between micro and small enterprises.</td>
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<td>Only small enterprises are defined.</td>
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<td>✔</td>
<td>To be considered an MSME, the government, charity funds, foreign companies, civil society and religious organizations can not own more than 25 percent of shares. Few exceptions are: companies engaged in intellectual work – software, inventions etc.</td>
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<td>Definition distinguishes between micro, very small, small or medium enterprises. Some reports also distinguish the ‘survivalist’ business, which is generally defined as providing income only below the poverty line. “Survivalist enterprises...[involves] activities by people unable to find a paid job or get into an economic sector of their choice, that is, people</td>
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Companion Note for the MSME Country Indicators

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<td>United Kingdom</td>
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<td>United States</td>
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<tr>
<td>Uruguay</td>
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</tr>
<tr>
<td>Venezuela, Bolivarian Republic</td>
<td>✓</td>
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<td></td>
<td>✓</td>
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<td>Vietnam</td>
<td>✓</td>
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<td></td>
<td></td>
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<tr>
<td>Virgin Islands (U.S.)</td>
<td>✓</td>
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<td></td>
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</tr>
<tr>
<td>West Bank and Gaza</td>
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<td>✓</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Yemen, Republic</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Figure uses data from 120 economies. With an exception of the United Kingdom, the figure doesn’t distinguish between national definitions of the member states of the European Union (EU). The EU member states have other MSME definitions on the national level.

Albania


Legal definition:

Interpretation:
“Criteria for SME classification:
- Micro enterprise: up to 5 employees;
- Small enterprise: 6 - 20 employees;
- Medium-size enterprise: 21 - 80 employees;
- Large enterprise: over 81 employees.”

Algeria


Legal Definition:
Loi d’orientation sur la PME.

“En Algérie la PME est définie, quel que soit son statut juridique (PP, Eurl, SARL,...), comme étant une entreprise de production de biens ou de services employant de 1 à 250 personnes, dont le chiffre d’affaires n’excède pas 2 milliards de dinars ou dont le total du bilan annuel n’excède pas 500 millions de dinars et qui respecte les critères d’indépendance (dont le capital n’est pas détenu à 25% et plus par une ou plusieurs autres entreprises ne correspondant pas à la définition de la PME).”

Interpretation:
Small and Medium Enterprise:

- <250 employees;
- Annual sales <2 billion dinars;

Or

- Annual balance sheet <500 million dinars;
- No more than 25 % of the capital must be owned by one or more other companies.

---

American Samoa

Agency: U.S. Census Bureau.

Legal Definition:
N/A

Interpretation:
Micro enterprise: 1-4 employees
Small enterprise: 5-9 employees
Medium enterprise: 10-19 employees.\(^6\)

Argentina


Legal Definition:

MICRO, PEQUEÑAS Y MEDIANAS EMPRESAS

VENTAS TOTALES ANUALES - NIVEL MAXIMO DE VALOR

Publicada en el Boletín Oficial del 20-feb-2001

Número: 29592, Página: 10

EL SECRETARIO DE LA PEQUEÑA Y MEDIANA EMPRESA RESUELVE:

Artículo 1° — A los efectos de lo dispuesto por el Artículo 1º del Título I de la Ley Nº 25.300 serán consideradas Micro, Pequeñas y MedianasEmpresas aquellas que registren hasta el siguiente nivel máximo de las ventas totales anuales, excluido el Impuesto al Valor Agregado y el impuesto interno que pudiera corresponder, expresado en Pesos ($), detallados en el cuadro que se detalla a continuación.

Se entenderá por valor de las ventas totales anuales, el valor que surja del promedio de los últimos TRES (3) años a partir del último balance inclusive o información contable equivalente adecuadamente documentada.

En los casos de empresas cuya antigüedad sea menor que la requerida para el cálculo establecido en el párrafo anterior, se considerará el promedio proporcional de ventas anuales verificado desde su puesta en marcha".

<table>
<thead>
<tr>
<th>Sector Tamaño</th>
<th>Agropecuario</th>
<th>Industria y Minería</th>
<th>Comercio</th>
<th>Servicios</th>
<th>Construcción</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microempresa</td>
<td>456.000</td>
<td>1.250.000</td>
<td>1.850.000</td>
<td>467.500</td>
<td>480.000</td>
</tr>
<tr>
<td>Pequeña Empresa</td>
<td>3.040.000</td>
<td>7.500.000</td>
<td>11.100.000</td>
<td>3.366.000</td>
<td>3.000.000</td>
</tr>
<tr>
<td>Mediana Empresa</td>
<td>18.240.000</td>
<td>60.000.000</td>
<td>88.800.000</td>
<td>22.440.000</td>
<td>24.000.000</td>
</tr>
</tbody>
</table>


Interpretation:
N/A

---

Legal definition:

See above.

Interpretation:

“ESTRATIFICACIÓN DE LAS EMPRESAS POR TAMAÑO

En este estudio, la estratificación por tamaño se realiza a partir del empleo promedio histórico de las empresas, medido en el periodo de análisis. Los rangos de empleo utilizados en cada estrato de tamaño varían según rama de actividad, atendiendo a diferencias sectoriales en la productividad media del trabajo y a las pautas establecidas por el país para la aplicación de políticas orientadas a la pequeña y mediana empresa. Estos tramos se determinaron a partir del nivel de ventas de las empresas definido por la SEPyME en la Resolución Nº 24/01 que establece el nivel máximo de ventas para cada categoría de empresa (micro, pequeña, mediana y gran empresa) según el sector en el que desarrollan su actividad. El tamaño es una característica de la empresa en su conjunto y no de cada local de cada empresa. Es decir, que cada empresa y por ende la cantidad de ocupados que emplea, es clasificada en los estratos de tamaño, según el empleo total de la firma.

<table>
<thead>
<tr>
<th>CORTES POR TAMAÑO ($)</th>
<th>Agropecuario</th>
<th>Industria y Minería</th>
<th>Comercio</th>
<th>Servicios en el empleo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>150.000</td>
<td>500.000</td>
<td>1.000.000</td>
<td>250.000</td>
</tr>
<tr>
<td>Pequeña</td>
<td>1.000.000</td>
<td>3.000.000</td>
<td>6.000.000</td>
<td>1.800.000</td>
</tr>
<tr>
<td>Mediana</td>
<td>6.000.000</td>
<td>24.000.000</td>
<td>48.000.000</td>
<td>12.000.000</td>
</tr>
</tbody>
</table>

Fuente: Resolución SEPyME Nº 24/01.

A partir de las estimaciones realizadas se definieron tramos ocupacionales, que ponen en evidencia las fuertes diferencias entre los distintos sectores (industria, comercio y servicios) y entre las distintas ramas de actividad en el interior de cada sector. Se presentan a continuación los resultados que surgieron de las estimaciones realizadas para definir los tramos de empleo que permiten clasificar a las firmas según su tamaño económico. Se enuncian los topes máximos para cada categoría, con una desagregación de dos dígitos de la CIIU Revisión 3.\(^8\)

---

### TOPES MÁXIMOS PARA CADA CATEGORÍA: INDUSTRIA MANUFACTURERA

<table>
<thead>
<tr>
<th>Rama de actividad</th>
<th>Micro</th>
<th>Pequeña</th>
<th>Mediana</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. Elaboración de productos alimenticios y bebidas</td>
<td>6</td>
<td>34</td>
<td>128</td>
</tr>
<tr>
<td>16. Elaboración de productos de tabaco</td>
<td>5</td>
<td>30</td>
<td>118</td>
</tr>
<tr>
<td>17. Fabricación de productos textiles</td>
<td>5</td>
<td>25</td>
<td>122</td>
</tr>
<tr>
<td>18. Fabricación de prendas de vestir; terminación y teñido de pieles</td>
<td>5</td>
<td>21</td>
<td>202</td>
</tr>
<tr>
<td>19. Curtido y terminación de cueros; fabricación de maletas, bolsos de mano. Artículos de talabartería, guarnicionería, y calzado</td>
<td>4</td>
<td>31</td>
<td>125</td>
</tr>
<tr>
<td>20. Producción de madera y fabricación de productos de madera y corcho, excepto muebles; fabricación de artículos de paja y de materiales trenzables</td>
<td>5</td>
<td>19</td>
<td>108</td>
</tr>
<tr>
<td>21. Fabricación de papel y de productos de papel</td>
<td>5</td>
<td>26</td>
<td>74</td>
</tr>
<tr>
<td>22. Actividades de edición e impresión y de reproducción de grabaciones</td>
<td>4</td>
<td>20</td>
<td>69</td>
</tr>
<tr>
<td>23. Fabricación de productos del petróleo</td>
<td>3</td>
<td>28</td>
<td>68</td>
</tr>
<tr>
<td>24. Fabricación de sustancias y productos químicos</td>
<td>5</td>
<td>23</td>
<td>100</td>
</tr>
<tr>
<td>25. Fabricación de productos de caucho y plástico</td>
<td>5</td>
<td>22</td>
<td>82</td>
</tr>
<tr>
<td>26. Fabricación de otros productos minerales no metálicos</td>
<td>7</td>
<td>28</td>
<td>96</td>
</tr>
<tr>
<td>27. Fabricación de metales comunes</td>
<td>5</td>
<td>25</td>
<td>111</td>
</tr>
<tr>
<td>28. Fabricación de productos elaborados de metal, excepto maquinaria y equipo</td>
<td>5</td>
<td>23</td>
<td>84</td>
</tr>
<tr>
<td>29. Fabricación de maquinaria y equipo n.c.p.</td>
<td>5</td>
<td>21</td>
<td>96</td>
</tr>
<tr>
<td>30. Fabricación de maquinaria de oficina, contabilidad e informática</td>
<td>3</td>
<td>16</td>
<td>50</td>
</tr>
<tr>
<td>31. Fabricación de maquinaria y aparatos eléctricos n.c.p.</td>
<td>4</td>
<td>23</td>
<td>63</td>
</tr>
<tr>
<td>32. Fabricación de equipos y aparatos de radio, televisión y comunicaciones</td>
<td>4</td>
<td>18</td>
<td>87</td>
</tr>
<tr>
<td>33. Fabricación de Instrumentos médicos, ópticos y de precisión y fabricación de relojes</td>
<td>6</td>
<td>23</td>
<td>84</td>
</tr>
<tr>
<td>34. Fabricación de vehículos automotores, remolques y semirremolques</td>
<td>7</td>
<td>29</td>
<td>82</td>
</tr>
<tr>
<td>35. Fabricación de otros tipos de equipos de transporte</td>
<td>4</td>
<td>19</td>
<td>56</td>
</tr>
<tr>
<td>36. Fabricación de muebles, industrias manufactureras n.c.p.</td>
<td>5</td>
<td>26</td>
<td>96</td>
</tr>
<tr>
<td>37. Reciclamiento de desperdicios y desechos</td>
<td>5</td>
<td>27</td>
<td>108</td>
</tr>
<tr>
<td><strong>Total Industria-promedio simple</strong></td>
<td>5</td>
<td>24</td>
<td>96</td>
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</table>

### TOPES MÁXIMOS PARA CADA CATEGORÍA: COMERCIO

<table>
<thead>
<tr>
<th>Rama de actividad</th>
<th>Micro</th>
<th>Pequeña</th>
<th>Mediana</th>
</tr>
</thead>
<tbody>
<tr>
<td>50. Venta, mantenimiento y reparación de vehículos, motocicletas y de sus partes, piezas y accesorios. Venta al por menor de combustible</td>
<td>4</td>
<td>26</td>
<td>60</td>
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<tr>
<td>51. Comercio al por mayor</td>
<td>4</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>52. Comercio al por menor y reparación de efectos personales y enseres domésticos</td>
<td>5</td>
<td>26</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total comercio-promedio simple</strong></td>
<td>5</td>
<td>23</td>
<td>67</td>
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</table>
### TOPES MÁXIMOS PARA CADA CATEGORÍA: SERVICIOS

<table>
<thead>
<tr>
<th>Rama de actividad</th>
<th>Micro</th>
<th>Pequeña</th>
<th>Mediana</th>
</tr>
</thead>
<tbody>
<tr>
<td>55 Servicios de hotelería y restaurantes</td>
<td>5</td>
<td>25</td>
<td>70</td>
</tr>
<tr>
<td>60 Servicio de transporte ferroviario y automotor y por tuberías</td>
<td>3</td>
<td>17</td>
<td>83</td>
</tr>
<tr>
<td>61 Servicio de transporte marítimo y fluvial</td>
<td>3</td>
<td>15</td>
<td>40</td>
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<tr>
<td>62 Servicio de transporte aéreo de cargas y de pasajeros</td>
<td>3</td>
<td>10</td>
<td>30</td>
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<tr>
<td>63 Servicios de manipulación de carga, almacenamiento y depósito</td>
<td>4</td>
<td>14</td>
<td>45</td>
</tr>
<tr>
<td>Servicios complementarios para el transporte. Agencias de viaje y otras</td>
<td>4</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Act. de apoyo turístico. Servicios de gestión y logística para el transporte</td>
<td>4</td>
<td>15</td>
<td>40</td>
</tr>
<tr>
<td>64 Servicios de correos y telecomunicaciones</td>
<td>3</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>65 Intermediación financiera y otros servicios financieros</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>66 Servicios de seguros y de ad. de fondos de jubilaciones y pensiones</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>67 Servicios auxiliares a la actividad financiera, excepto a los servicios</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>de seguros y de administración de fondos de jubilaciones y pensiones</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>70 Servicios inmobiliarios</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>71 Alquiler de equipo de transporte y de maquinaria y equipo n.c.p.; alquiler de efectos personales y enseños domésticos n.c.p.</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>72 Actividades de informática. Serv. de consultores. Procesamiento de datos.</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>Mantenimiento y reparación de maq. de oficina, contabilidad e informática</td>
<td>3</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>73 Investigación y desarrollo experimental en el campo de la ingeniería y</td>
<td>2</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>de las ciencias exactas y naturales y de las ciencias sociales y las humanidades</td>
<td>2</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>74 Servicios jurídicos y de contabilidad, teneduría de libros y auditoría;</td>
<td>3</td>
<td>14</td>
<td>106</td>
</tr>
<tr>
<td>asesoramiento en materia de impuestos; est. de mercados y encuestas de opinión</td>
<td>3</td>
<td>14</td>
<td>106</td>
</tr>
<tr>
<td>pública; asesoramiento empresarial y en materia de gestión</td>
<td>3</td>
<td>14</td>
<td>106</td>
</tr>
<tr>
<td>80 Enseñanza, inicial, primaria, secundaria, superior y formación de posgrado.</td>
<td>7</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Enseñanza para adultos y servicios de enseñanza n.c.p.</td>
<td>7</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>91 Servicios de organizaciones empresariales, profesionales y de empleadores.</td>
<td>3</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>Servicios de sindicatos. Servicios de asociaciones n.c.p.</td>
<td>3</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>85 Servicios sociales y de salud</td>
<td>3</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>90 Eliminación de desperdicios y aguas residuales y saneamiento</td>
<td>3</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>91 Servicios de organizaciones empresariales, profesionales y de empleadores</td>
<td>3</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>Servicios de sindicatos. Servicios de asociaciones n.c.p.</td>
<td>3</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>92 Servicios de cinematografía, radio y televisión y servicios de espectáculos artísticos</td>
<td>4</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td>y de diversión n.c.p. Servicios de agencias de noticias. Servicios de bibliotecas, archivos y museos y servicios culturales n.c.p.</td>
<td>4</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td>93 Servicios n.c.p.</td>
<td>4</td>
<td>21</td>
<td>90</td>
</tr>
</tbody>
</table>

**Fuente:** Fuente SPTyEL en base a BADE.

Armenia


Legal Definition: law “On Small and Medium Entrepreneurship State Support”.

Interpretation:
“The Classification Criteria of SME units”

“The SME units in Armenia are classified according to the number of their employees – in compliance with the RA law “On Small and Medium Entrepreneurship State Support”. A commercial company or sole proprietor can be classified as a SME unit if the average number of their payroll employees is appropriate to the criteria presented in the Table 1.”

SMEs are classified as follows:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Micro (number of employees)</th>
<th>SMEs</th>
<th>Medium (number of employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Industry and other sectors of production</td>
<td></td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Construction and power engineering Sector</td>
<td>5</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Science and education Sector</td>
<td>5</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Transport, trade and services Sector</td>
<td>5</td>
<td>15</td>
<td>30</td>
</tr>
</tbody>
</table>

Companion Note for the MSME Country Indicators

**Australia**

*Agency 1:* Australian Bureau of Statistics.

**Legal definition:**

“A small business is defined as a business employing less than 20 people." Categories of small businesses include:

- non-employing businesses — sole proprietorships and partnerships without employees;
- micro businesses — businesses employing less than 5 people, including non-employing businesses;
- other small businesses — businesses employing 5 or more people, but less than 20 people;

Small businesses tend to have the following management or organizational characteristics:

- independent ownership and operations;
- close control by owners/managers who also contribute most, if not all the operating capital; and
- principal decision-making by the owners/managers.

ABS presents statistics for the following categories:

- medium businesses — businesses employing 20 or more people, but less than 200 people;
- large businesses — businesses employing 200 or more people.

A size definition based on employment is not used for the agricultural statistics presented in this publication. Agricultural businesses can have large scale operations with relatively few or no permanent employees, using large numbers of seasonal and itinerant workers to satisfy short term labour needs.

To provide a size classification the ABS has developed, for statistical purposes, a measure of the Estimated Value of Agricultural Operations (EVAO) based on:

- the area of crops sown;
- the number of livestock; and
- crops produced and livestock turn-off (mainly sales) during the year.

A small agricultural business is defined as one having an EVAO of between $22,500 and $400,000. Businesses with an EVAO of less than $22,500 are excluded from ABS statistics because they are not generally operated as a business venture and their contribution to commodity aggregates are generally insignificant.”

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Interpretation:
Micro enterprise: 0-5 employees
Small enterprise: 5-19 employees
Medium enterprise: 20-200 employees.


Legal definition:
Fair Work Act 2009.

“23 Meaning of small business employer

(1) A national system employer is a small business employer at a particular time if the employer employs fewer than 15 employees at that time.

(2) For the purpose of calculating the number of employees employed by the employer at a particular time:

(a) subject to paragraph (b), all employees employed by the employer at that time are to be counted; and

(b) a casual employee is not to be counted unless, at that time, he or she has been employed by the employer on a regular and systematic basis.

(3) For the purpose of calculating the number of employees employed by the employer at a particular time, associated entities are taken to be one entity.

(4) To avoid doubt, in determining whether a national system employer is a small business employer at a particular time in relation to the dismissal of an employee, or termination of an employee’s employment, the employees that are to be counted include (subject to paragraph (2)(b)):

(a) the employee who is being dismissed or whose employment is being terminated; and

(b) any other employee of the employer who is also being dismissed or whose employment is also being terminated.”

Interpretation:
Fair Work Act 2009 is an Act relating to workplace relations, and for related purposes. Small Business employer is defined as one with fewer than 15 employees.

---

Azerbaijan


Legal Definition: Cabinet Council Decree of the Azerbaijan Republic on Criteria For Defining Small and Medium Enterprises Based Upon the Economic Activity #57, dated April 20, 2004

Interpretation:
“Micro and small and medium sized entrepreneurship in Azerbaijan is divided into two groups: individual entrepreneurs (i.e. sole owners of the enterprise without forming a legal entity); and small and medium enterprises (i.e. legal entities). All individual entrepreneurs are legally considered small enterprises by default, whereas those registered as legal entities are classified according to two indicators: number of employees and annual turnover.

According to the Cabinet Council Decree of the Azerbaijan Republic on Criteria For Defining Small and Medium Enterprises Based Upon the Economic Activity #57, dated April 20, 2004, the following legal entities are considered “small business units”:

- Construction and industry: number of employees of less than 40 people and annual turnover of less than AZN 200,000 (~$247,000)
- Agriculture: number of employees of less than 15 people and annual turnover of less than AZN 100,000 (~$123,500)
- Wholesale trade: number of employees of less than 10 people and annual turnover of less than AZN 300,000 (~$370,500)
- Other sectors: number of employees of less than 5 people and annual turnover of less than AZN 100,000 (~$123,500).”

**Bahrain**

*Agency:* EUROCHAMBERS and Federation of Gulf Cooperation Council Chambers citing 2006 Establishment survey.

**Legal definition:**
N/A

**Interpretation:**
Micro enterprise: 1-9 employee/s
Small enterprise: 10-19 employees
Medium enterprise: 20-99 employees.  

*Agency:* Ministry of Commerce and Industry (MOCI).

**Legal definition:**
N/A

**Interpretation:**
“In Bahrain, Ministry of Commerce and Industry (MOCI) considers micro-enterprises to have up to 10 employees, small enterprises up to 50, and medium-size ones up to 150 employees. An exception is made for the labour-intensive textiles and garment sector, where companies are still considered medium-size with up to 300 employees. The MOCI also differentiates companies by investment levels, with the thresholds being 20,000, 500,000 and 2 million Dinars for micro, small and medium-size enterprises respectively (corresponding to 53,000, 1.3 million, and 5.3 million $). It is doubtful, however, that the MOCI has reliable data on invested capital for all local companies.”

---


Bangladesh


Legal Definition: Industrial policy announced in 2005.

Interpretation:

“However, in the latest industrial policy announced in 2005, significant changes have been brought about in the definition of the various size categories. In the Industrial Policy 2005, a distinction has been made between manufacturing and non-manufacturing enterprises. In the case of the manufacturing enterprises, sizes have been defined in terms of the value of the fixed assets while in the case of the non-manufacturing enterprises the cut-off line has been identified in terms of employment size.

Thus, large industry is now defined as units with fixed capital of more than Tk. 100 million (US $1.6 million) excluding the value of land and building while non manufacturing large enterprise is defined as units having more than 100 workers. Medium industry is defined as units with fixed capital of Tk. 15-100 million (US $246 thousand - $1.6 million) excluding the value of land and building while non manufacturing medium enterprises are those with employment size between 25 and 100 workers. Manufacturing enterprises with fixed assets of less than Tk. 15 million excluding the value of land and non-manufacturing enterprises with fewer than 25 workers are to be treated as small enterprise.”

Belarus


Legal definition:
“В соответствии с Законом Республики Беларусь от 16 октября 1996 года № 685-XIII “О государственной поддержке малого предпринимательства в Республике Беларусь” к малым предприятиям относятся юридические лица со среднесписочной численностью работников:

• в промышленности и на транспорте – до 100 человек;
• в сельском хозяйстве, включая фермерские (крестьянские) хозяйства, и в научно-технической сфере – до 60 человек;
• в строительстве и оптовой торговле – до 50 человек;
• в розничной торговле и бытовом обслуживании населения – до 30 человек;
• в других отраслях непроизводственной сферы – до 25 человек.”

Interpretation:
Law of the Republic of Belarus from October 16, 1996 N 685-XIII “On Governmental Support of small entrepreneurship in the Republic of Belarus,” small enterprises are those, which employ no more than:

• 100 persons – in industry and transport
• 60 persons – in agriculture, science and technology
• 50 persons - in construction and wholesale
• 30 persons - in retail and everyday use services
• 25 persons - in other non-industrial sectors.

16 Костевич И.А., “МАЛОЕ ПРЕДПРИНИМАТЕЛЬСТВО В РЕСПУБЛИКЕ БЕЛАРУСЬ 2009,” Статистический сборник, НАЦИОНАЛЬНЫЙ СТАТИСТИЧЕСКИЙ КОМИТЕТ РЕСПУБЛИКИ БЕЛАРУСЬ, Минск, 2009,
Belize

Agency: Belize Trade and Investment Service; Belize Chamber of Commerce.17

Legal Definition: N/A

Interpretation:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>15 or less</td>
</tr>
<tr>
<td>Annual Turnover</td>
<td>US$250 thousand or less</td>
</tr>
<tr>
<td>Assets</td>
<td>US$150 thousand or less</td>
</tr>
<tr>
<td>Investments in Machinery</td>
<td>US$150 thousand or less</td>
</tr>
</tbody>
</table>

Source: Belize: The Natural Niche (2005)


---

Bolivia

Agency:
Bolsa Boliviana de Valores S.A (original source: Estado de Situación de la Competitividad en Bolivia, varios autores, Sistema Boliviano de Productividad y Competitividad).

Legal definition:
N/A

Interpretation:
Micro enterprise: 1-9 employee/s

Small and medium enterprise: 10-49 employees.\(^\text{18}\)

---

Bosnia and Herzegovina

Agency: Ministry of Foreign Trade and Economic Relations.

Legal definition: N/A

Interpretation:

<table>
<thead>
<tr>
<th>Table 5.1: EU definition and definition in Bosnia and Herzegovina</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BDP per 2007</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td><strong>EU 27 average</strong></td>
</tr>
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<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Republika Srpska</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Federation of Bosnia and Herzegovina</td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

\(^{19}\) http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/sme_user_guide.pdf

Botswana


Legal definition: N/A

Interpretation:

“Very Small

A very small enterprise as an undertaking that:

- Has five or less workers including the owner
- Typically has an annual turnover of less than US$ 11 000 (P60 000).

Small

- A small enterprise has between 6 and 25 employees.
- Typically has an annual turnover of between US$ 11 000 (P60 000) and US$ 270 000 (P1 500 000).

Medium

- A medium enterprise employs more than 26 but less than 100 people.
- Typically has an annual turnover of between US$ 270 000 (P1 500 000) and US$ 900 000 (P5 000 000).”

---

Brazil

Agency: Instituto Brasileiro de Geografia e Estatística.

Legal definition: N/A

Interpretation:
“Neste estudo, será utilizada a nomenclatura de porte adaptada a partir da definição adotada pelo Statistical Office of the European Communities – EUROSTAT (SCHMIEMANN, 2008). A única diferença está na primeira faixa, que o EUROSTAT considera de 1 a 9 pessoas ocupadas para caracterizar as micro empresas, enquanto neste estudo consideram-se, as empresas com 0 a 9 pessoas ocupadas, pois melhor se adequa aos critérios definidos pelas pesquisas econômicas estruturais do IBGE. As faixas de porte de pessoal ocupado total consideradas são as seguintes:

- 0 a 9 pessoas ocupadas - microempresas;
- 10 a 49 pessoas ocupadas - pequenas empresas;
- 50 a 249 pessoas ocupadas - médias empresas;
- 250 e mais pessoas ocupadas - grandes empresas.

A análise por porte das empresas ativas no CEMPRE, em 2006, revela que elas eram em sua maioria (92,2%) microempresas (Gráfico 1). Por outro lado, observase que as grandes empresas representavam uma pequena parcela desse conjunto, 0,2%, porém sua importância revela-se na absorção de 32,0% das pessoas ocupadas, 41,4% das pessoas assalariadas e por terem pago 57,7% do total de salários e outras remunerações no ano.”

**Brunei Darussalam**

**Agency:**
N/A

**Legal definition:**
N/A

**Interpretation:**
"Enterprises are small when employing less than 10 people, medium when the numbers are between 10 to 100, and large enterprises when the workforce is more than 100." 21

Burkina Faso

**Agency:** Tax authorities.

**Legal definition:**

N/A

**Interpretation:**

“SME is an officially-registered firm with an annual turnover of 15-50 million CFA francs ($30 000 - $100 000).”

*Agency: Ministry of Commerce.*

**Legal definition:**

N/A

**Interpretation:**

“SME as one with 5-10 employees.”

---

Cambodia

**Agency:** Cambodia SME sub-committee.

**Legal definition:**

N/A

**Interpretation:**

<table>
<thead>
<tr>
<th>Table 2: SME definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee number</strong></td>
</tr>
<tr>
<td>Micro</td>
</tr>
<tr>
<td>Small</td>
</tr>
<tr>
<td>Medium</td>
</tr>
<tr>
<td>Large</td>
</tr>
</tbody>
</table>

*Source:* Royal Government of Cambodia Sub-committee on Small and Medium Enterprises SME Secretariat *Small and Medium Enterprise Development Framework 2005*

Companion Note for the MSME Country Indicators

**Cameroon**


Legal definition:

N/A

Interpretation:

“Cameroon has several definitions for SMEs. The most common one is based on the number of employees. The Ministry in charge of SMEs is in the process of developing a common definition based on staff, capital and turnover.

<table>
<thead>
<tr>
<th>TABLE 9. SME DEFINITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOGAPE</strong></td>
</tr>
<tr>
<td>Turnover</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Debt</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

At the moment, three definitions are utilised to characterise the sector, from FOGAPE\(^{23}\), the Central Bank of Central Africa and from the Investment Code. However, these three definitions don’t take into consideration factors like the number of employees and vulnerable groups such as women, youth or handicapped.”\(^{24}\)

Agency: Governmental Program.

Legal definition:

N/A

Interpretation:

“A program called “4P” (Programme Prioritaire de Promotion des PME Cameroonaises, Program for the Promotion of Cameroonian SMEs), initiated by Cameroonian government with the technical assistance of the United Nations, also defined SMEs for their purpose. The definition is based on the staff and the source of capital. An SME is an enterprise with up to 200 employees and the capital is owned at least 51% by Cameroonians.

---

\(^{23}\) Fonds de Garantie aux Petites Entreprises

Independent of any definition SMEs share some common characteristics:

- Limited access to finances;
- Employees usually family relations/often no binding working contract;
- Operate mostly in major towns and cities;
- Show management problems (go bankrupt often);
- Limited fixed assets;
- Most proprietors/owners have no formal education in business.”}^{25}
Canada
*Agency 1: Industry Canada (Government).

Legal Definition:
N/A

Interpretation:
“In some instances, Industry Canada has used a definition based on the number of employees, which varies according to the sector — goods-producing firms are considered “small” if they have fewer than 100 employees, whereas for service-producing firms the cut-off point is 50 employees. Above that size, and up to 499 employees, a firm is considered medium-sized. The smallest of small businesses are called micro-enterprises, most often defined as having fewer than five employees. The term “SME” (for small and medium-sized enterprise) refers to all businesses with fewer than 500 employees, whereas firms with 500 or more employees are classified as “large” businesses.” 26

Legal Definition: N/A

Interpretation:
For the purposes of Canada Small Business Financing Program.

Small business: “A business being carried on in Canada for gain or profit, with estimated gross annual revenue of not more than $5 million. It does not include the business of farming or a business having as its principal object, the furtherance of a charitable or religious purpose.” 27

Agency 2: Canadian Bankers Association.

Legal Definition: N/A

Interpretation:
“Classifies a company as “small” if it qualifies for a loan authorization of less than $250 000.” 28

Agency 3: Export Development Corporation.

Legal Definition: N/A

Interpretation:
“Small or “emerging” exporters are firms with export sales under $1 million.” 29

29 Ibid.
China


Legal Definition:
“Interim Categorizing Criteria on Small and Medium-sized Enterprises (SMEs), published in 2003 and based on the SME Promotion Law of China, sets the guidelines for classifying SMEs.

Interpretation:

Table 1: Definitions of SMEs in China

<table>
<thead>
<tr>
<th>Size Category</th>
<th>Industries</th>
<th>Employment-based</th>
<th>Total assets</th>
<th>Business revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>Industry</td>
<td>&lt; 300</td>
<td>¥40 million</td>
<td>&lt; ¥30 million</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>&lt; 600</td>
<td>¥40 million</td>
<td>&lt; ¥30 million</td>
</tr>
<tr>
<td></td>
<td>Wholesale</td>
<td>&lt; 100</td>
<td>&lt; ¥30 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retail</td>
<td>&lt; 100</td>
<td>&lt; ¥10 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td>&lt; 500</td>
<td>&lt; ¥30 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Post</td>
<td>&lt; 400</td>
<td>&lt; ¥30 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel &amp; restaurant</td>
<td>&lt; 400</td>
<td>&lt; ¥30 million</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>Industry</td>
<td>300-2000</td>
<td>¥40 million-400 million</td>
<td>¥30 million-300 million</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>600-3000</td>
<td>¥40 million-400 million</td>
<td>¥30 million-300 million</td>
</tr>
<tr>
<td></td>
<td>Wholesale</td>
<td>100-200</td>
<td>¥30 million-300 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retail</td>
<td>100-500</td>
<td>¥10 million-150 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td>500-3000</td>
<td>¥30 million-300 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Post</td>
<td>400-1000</td>
<td>¥30 million-300 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel &amp; restaurant</td>
<td>400-800</td>
<td>¥30 million-150 million</td>
<td></td>
</tr>
</tbody>
</table>

Note: SMEs meet one or more of the conditions. ME should meet three conditions, the others are SE.


The guidelines mainly cover the payrolls, revenue and total assets of enterprises (see Table 1). Specific criteria apply to the industrial sector, construction, transportation, wholesale and retail business, and hotels and restaurants. Guidelines for the industrial sector requires SMEs to employ a maximum 2,000 people, and to have an annual revenue not exceeding RMB300 million. Their total assets should not exceed RMB 400 million. Medium-sized enterprises should employ a minimum of 300 people. Their annual revenue and total assets should not exceeding RMB30 million and 40 million respectively. The rest are classified as small enterprises. The definition of an SME in China is quite complex and can include relatively large firms. In APEC (Asia-Pacific Economic Cooperation) economies, the definition of an SME also varies, but is generally most commonly is based on the number of employees. SMEs
Companion Note for the MSME Country Indicators

commonly employ 100 to 500 people. But the vast bulk of SMEs, comprising around 70 percent, employ five people or less or are run by self-employed individuals.

SME definition in China depends on the industry category and is defined based on the number of employees, annual revenue, and total assets comprising a company. An industrial SME is defined as having up to 2,000 employees; while a medium-sized business has between 301 and 2,000 employees; and a small business has less than 300. Consequently, what is regarded as an SME in China may be quite large relative to an SME in other countries.  

Colombia

**Agency:** National Legislature.

**Legal Definition:**

“LEY 905 DE 2004
(Agosto 2)

“Por medio de la cual se modifica la Ley 590 de 2000 sobre promoción del desarrollo de la micro, pequeña y mediana empresa colombiana y se dictan otras disposiciones”.

El Congreso de Colombia

**DECRETA:**

**CAPITULO I**

**Disposiciones generales**

Artículo 2º. El artículo 2º de la Ley 590 de 2000 quedará así:

Artículo 2º. **Definiciones.** Para todos los efectos, se entiende por micro incluidas las Famieempresas pequeña y mediana empresa, toda unidad de explotación económica, realizada por persona natural o jurídica, en actividades empresariales, agropecuarias, industriales, comerciales o de servicios, rural o urbana, que responda a dos (2) de los siguientes parámetros:

1. Mediana empresa:
   a) Planta de personal entre cincuenta y uno (51) y doscientos (200) trabajadores, o
   b) Activos totales por valor entre cinco mil uno (5.001) a treinta mil (30.000) salarios mínimos mensuales legales vigentes.

2. Pequeña empresa:
   a) Planta de personal entre once (11) y cincuenta (50) trabajadores, o
   b) Activos totales por valor entre quinientos uno (501) y menos de cinco mil (5.000) salarios mínimos mensuales legales vigentes o,

3. Microempresa:
   a) Planta de personal no superior a los diez (10) trabajadores o,
   b) Activos totales excluida la vivienda por valor inferior a quinientos (500) salarios mínimos mensuales legales vigentes o,
Parágrafo. Los estímulos beneficios, planes y programas consagrados en la presente ley, se aplicarán igualmente a los artesanos colombianos, y favorecerán el cumplimiento de los preceptos del plan nacional de igualdad de oportunidades para la mujer.”

**Interpretation:**

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Persons Employed</th>
<th>Total Assets (in terms of legal monthly minimum wage in force)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>0 a 10</td>
<td>0 a 500</td>
</tr>
<tr>
<td>Small</td>
<td>11 a 50</td>
<td>501 a 5,000</td>
</tr>
<tr>
<td>Medium</td>
<td>51 a 200</td>
<td>5,001 a 30,000</td>
</tr>
</tbody>
</table>

**Costa Rica**

**Agency:** Caja Costarricense de Seguro Social.

**Legal Definition:**
“La CCSS clasifica las empresas según tamaño:

- Microempresas: de 1 a 5 trabajadores;
- Pequeñas: de 6 a 30 trabajadores;
- Medianas: de 31 a 100 trabajadores;
- Grandes: más de 100 trabajadores.”

**Interpretation:**

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Persons employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1-5</td>
</tr>
<tr>
<td>Small</td>
<td>6-30</td>
</tr>
<tr>
<td>Medium</td>
<td>31-100</td>
</tr>
</tbody>
</table>

Dominican Republic

Agency: Oficina Nacional de Estadística

Legal definition: N/A

Interpretation:

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Persons employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1-9</td>
</tr>
<tr>
<td>Small</td>
<td>10-49</td>
</tr>
<tr>
<td>Medium</td>
<td>50-249</td>
</tr>
</tbody>
</table>

Egypt, Arab Republic


Legal Definition:
N/A

Interpretation:

SME Development Law No. 141 of 2004 set a definition for SMEs in Egypt:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Capital</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Co.</td>
<td>LE 50,000–LE 1 Million</td>
<td>50 or less</td>
</tr>
<tr>
<td>Medium Co.</td>
<td>LE 1 Million – LE 5 Million</td>
<td>51 - 99</td>
</tr>
</tbody>
</table>


NB: MSME breakdown the in the MSME-CI differs.

Agency: Federation of Egyptian Industries.

Legal Definition: N/A

Interpretation:

“4.5 The Federation of Egyptian Industries (FEI) FEI is one of the major stakeholders in the MSME sector. The organization primarily aims to promote the development of industry through provision of numerous support services to members, including information or databases on industry in Egypt, technical assistance, member-directories, communications facilities, research, and enhancing productivity of Egyptian workers. The FEI uses the guidelines set out by the WTO for developing countries in its definition, as indicated in Table 3-26.”

Table 3-26: Definitions used by FEI for MSMEs

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>&lt; 10</td>
<td>10-100</td>
<td>100-1000</td>
</tr>
<tr>
<td>Capital</td>
<td>&lt; LE 50,000</td>
<td>LE 50,000–LE 5 million</td>
<td>LE 5 - 50 million</td>
</tr>
<tr>
<td>Annual sales</td>
<td>&lt;LE 5 million</td>
<td>LE 5 – 50 million</td>
<td>LE 50 – 250 million</td>
</tr>
</tbody>
</table>

**El Salvador**

**Agency:** Ministerio de Economía

**Legal Definition:** N/A

**Interpretation:**

<table>
<thead>
<tr>
<th>Clasificación</th>
<th>Personal Remunerado</th>
<th>Ventas Brutas Anuales/ Ingresos Brutos Anuales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microempresa</td>
<td>Hasta 10 Empleados</td>
<td>Hasta $100,000.00</td>
</tr>
<tr>
<td>Pequeña Empresa</td>
<td>Hasta 50 Empleados</td>
<td>Hasta $1,000,000.00</td>
</tr>
<tr>
<td>Mediana Empresa</td>
<td>Hasta 100 Empleados</td>
<td>Hasta $7.0 Millones</td>
</tr>
<tr>
<td>Gran Empresa</td>
<td>Mas de 100 Empleados</td>
<td>Mas de $7.0 Millones</td>
</tr>
</tbody>
</table>

Ethiopia

**Agency:** Central Statistical Agency.

**Legal definition:** N/A

**Interpretation:**
“Manufacturing establishments are divided into three major groups. These are:

a) Large and Medium Scale Manufacturing Establishments, engaging 10 or more persons and using power-driven machinery.

b) Small Scale Manufacturing Establishments engaging less than 10 persons and using power-driven machinery.

c) Cottage/Handicraft Manufacturing Establishments performing their activities by hand (i.e., using non-power driven machinery).”

**Agency:** Ministry of Trade and Industry.

**Legal definition:** N/A

**Interpretation:**

1.1.10.1 Micro Enterprises are those small business enterprises with a paid-up capital of not exceeding birr 20,000, and excluding high tech. consultancy firms and other high tech. establishments.

1.1.10.2 Small Enterprises are those business enterprises with a paid-up capital of above 20,000 and not exceeding birr 500,000, and excluding high tech. consultancy firms and other high tech. establishments.”

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36 Due to the similarity of their characteristics, informal sector activities and micro enterprises are often lumped together and in this strategy, they are also treated as micro enterprises.

European Union; Croatia; Macedonia, FYR; Montenegro; Serbia

*Agency: European Commission (Enterprise and Industry).

Legal Definition:
“COMMISSION RECOMMENDATION of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422)
(Text with EEA relevance) (2003/361/EC)

ANNEX

TITLE I

DEFINITION OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES ADOPTED BY THE COMMISSION

Article 1

Enterprise
An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes,
in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations
regularly engaged in an economic activity.

Article 2

Staff headcount and financial ceilings determining enterprise categories
1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer
than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet
total not exceeding EUR 43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and
whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and
whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Article 3

Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An ‘autonomous enterprise’ is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.

2. ‘Partner enterprises’ are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

(a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (‘business angels’), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000;

(b) universities or non-profit research centres;

(c) institutional investors, including regional development funds;

(d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5 000 inhabitants.

3. ‘Linked enterprises’ are enterprises which have any of the following relationships with each other:

(a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;

(b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;

(c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;

(d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders’ or members' voting rights in that enterprise.
There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An ‘adjacent market’ is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Community rules. 38

**Interpretation:**

“On 6 May 2003 the Commission adopted Recommendation 2003/361/EC regarding the SME definition which replaced Recommendation 96/280/EC as from 1 January 2005. The revision takes account of the economic developments since 1996 and the lessons drawn from the application of the definition. In particular, it raises the financial ceilings to take into account price and productivity increases since 1996 and introduces a typology of enterprises (difference between the three categories: autonomous, partner and linked) and a calculation method for the thresholds, which gives a realistic picture of their economic strength. It ensures that enterprises which are part of a larger grouping and could therefore benefit from a stronger economic backing than genuine SMEs, do not benefit from SME support schemes.

Enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfill the criteria laid down in the Recommendation which are summarized in the table below. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

---

This Recommendation concerns all Community policies applied within the European Economic Area in favour of SMEs (Structural Funds, Framework Programme for Research and Development) as well as State Aid, where SMEs can benefit from exemption provisions and higher aid ceilings (see General Block Exemption Regulation in the field of State Aid). The Recommendation is addressed to the Member States, the European Investment Bank (EIB) and the European Investment Fund (EIF).”


<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount</th>
<th>Turnover or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 million</td>
<td>≤ € 43 million</td>
</tr>
<tr>
<td>small</td>
<td>&lt; 50</td>
<td>≤ € 10 million</td>
<td>≤ € 10 million</td>
</tr>
<tr>
<td>micro</td>
<td>&lt; 10</td>
<td>≤ € 2 million</td>
<td>≤ € 2 million</td>
</tr>
</tbody>
</table>
Georgia

Legal Definition:
N/A

Interpretation:
“SME refers to enterprises along a broad continuum of size and type. In terms of size, several measures are common including employment, assets and revenues. According to Georgian legislation the definition of Small, Medium and Large enterprises (SME) is as following:

Small Enterprise - average number of employees does not exceed 20 people and the turnover does not exceed 500,000 GEL per annum

Medium Enterprise - average number of employees does not exceed 100 people and the turnover does not exceed 1,500,000 GEL per annum

Large Enterprise - average number of employees exceeds 100 people and the turnover exceeds 1,500,000 GEL per annum”

Guam

Agency: U.S. Census Bureau.

Legal Definition:

N/A

Interpretation:
Micro enterprises: 1-9 employees
Small enterprises: 10-19 employees
Medium enterprises: 20-49 employees.\(^{41}\)

\(^{41}\)“2007 Economic Census of Island Areas,” U.S. Census Bureau, September 1, 2009, http://factfinder.census.gov/servlet/IBQTable?_bm=y&-geo_id=&-fds_name=EC0700A1&-_skip=100&-ds_name=IA0700A01&-_lang=en (June 22, 2010).
Honduras

*Agency: Gallup.

**Legal Definition:**
N/A

**Interpretation:**
Micro enterprises: 1-10 employees;
Small enterprises: 11-20 employees;
Medium enterprises: 21-49 employees.⁴²

"From 2004

**Agency:** National Legislature.

**Legal Definition:**
La Política de Competitividad de las MIPYMES, creada mediante Acuerdo Ejecutivo Nº 010-2004 del 18 de mayo de 2004

**Interpretation:**
“Microempresa

Tiene de uno a diez trabajadores asalariados permanentes. Las ventas mensuales promedio son de 3,125 dólares, y la inversión promedio en activos fijos es de 2,400 dólares. Es de baja rentabilidad, predomina el trabajo manual y el uso de tecnologías simples; opera de manera informal, y no cuenta con registros contables y administrativos.

Pequeña empresa

Tiene de 11 a 25 trabajadores asalariados permanentes. Las ventas mensuales promedio son de 9,375 dólares; la inversión promedio en activos fijos es de 25 mil dólares. Tiene más rentabilidad y ha incorporado más tecnología; cuenta con algunos registros y controles administrativos contables.

Mediana empresa

Tiene de 26 a 150 trabajadores asalariados permanentes. Las ventas mensuales promedio son de 154 mil dólares y una inversión en activos fijos mayor a 25 mil dólares y menor a 200 mil dólares; existe división interna del trabajo, opera formalmente y cuenta con controles administrativos contables.”⁴³

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Hong Kong SAR, China

Agency: The Government of the Hong Kong Special Administrative Region, China/Trade and Industry Department - Support and Consultation Centre for SMEs.

Legal Definition:
N/A

Interpretation:
“Manufacturing enterprises with fewer than 100 employees and non-manufacturing enterprises with fewer than 50 employees are regarded as small and medium enterprises (SMEs) in Hong Kong.”

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### Chapter III

**Classification of Enterprises, Advisory Committee and Memorandum of Micro, Small and Medium Enterprises**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 of 1951</td>
<td><strong>7. 1)</strong> Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951, the Central Government may, for the purposes of this Act, by notification and having regard to the provisions of sub-sections (4) and (5), classify any class or classes of enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called,</td>
</tr>
<tr>
<td>65 of 1951</td>
<td><strong>(a)</strong> in the case of the 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, as –</td>
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<td></td>
<td>(i) a micro enterprise, where the investment in plant and machinery does not exceed twenty five lakh rupees;</td>
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<td>(ii) a small enterprise, where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; or</td>
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<td>(iii) a medium enterprise, where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;</td>
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<td>65 of 1951</td>
<td><strong>(b)</strong> in the case of the enterprises engaged in providing or rendering of services, as –</td>
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<td>(i) a micro enterprise, where the investment in equipment does not exceed ten lakh rupees;</td>
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<td>(ii) a small enterprise, where the investment in equipment is more than ten lakh rupees;</td>
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</table>
Companion Note for the MSME Country Indicators

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<td>(iii)</td>
<td>a medium enterprise, where the investment in equipment is more than two crore rupees but does not exceed five crore rupees</td>
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<td>65 of 1951</td>
<td>Explanation 1 For the removal of doubt, it is hereby clarified that in calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items as may be specified, by notification, shall be excluded.</td>
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<td>2)</td>
<td>The Central Government shall, by notification, constitute an Advisory Committee consisting of the following members, namely:-</td>
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<td>the Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the small and medium enterprises who shall be the Chairperson, ex officio;</td>
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<td>not more than five officers of the Central Government possessing necessary expertise in matters relating to micro, small and medium enterprises, members, ex officio;</td>
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<td>not more than three representatives of the State Governments, members, ex officio; and</td>
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<td>one representative each of the associations of micro, small and medium enterprises, members, ex officio;</td>
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<td>3)</td>
<td>The Member-Secretary of the Board shall also be the ex officio Member-Secretary of the Advisory Committee.</td>
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<td>4)</td>
<td>The Central Government shall, prior to classifying any class or classes of enterprises under sub-section (1), obtain the recommendations of the Advisory Committee.</td>
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<td>5)</td>
<td>The Advisory Committee shall examine the matters referred to it by the Board in connection with any subject referred to in section 5 and furnish its recommendations of the Board.</td>
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<td>6)</td>
<td>The Central Government may seek the advice of the Advisory Committee on any of the matters specified in section 9, 10, 11, 12 or 14 of Chapter IV.</td>
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<td>7)</td>
<td>The State Government may seek advice of the Advisory Committee on any of the matters specified in the rules made under section 30.</td>
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</table>
The Advisory Committee shall, after considering the following matters, communicate its recommendations or advice to the Central Government or, as the case may be, State Government or the Board, namely:

(a) the level of employment in a class or classes of enterprises;

(b) the level of investments in plant and machinery or equipment, in a class or classes of enterprises;

(c) the need of higher investment in plant and machinery or equipment for technological upgradation, employment generation and enhanced competitiveness of the class or classes of enterprises;

(d) the possibility of promoting and diffusing entrepreneurship in micro, small or medium enterprises;

(e) the international standards for classification of small and medium enterprises.

Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 and clause (h) of section 2 of the Khadi and Village Industries Commission Act, 1956, the Central Government may, while classifying any class or classes of enterprises under sub-section (1), vary, from time to time, the criterion of investment and also consider criteria or standards in respect of employment or turnover of the enterprises and include in such classification the micro or tiny enterprises or the village enterprises, as part of small enterprises.

Any person who intends to establish,—

(a) a micro or small enterprise, may, at his discretion; or

(b) a medium enterprise engaged in providing or rendering of services may, at his discretion; or

(c) a medium enterprise 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, shall file the memorandum of micro, small or, as the case may be, of medium enterprise with such authority as may be specified by the State Government under sub-section(4) or the Central Government under sub-section (3):

Provided that any person who, before the commencement of this Act, established—

(a) a small scale industry and obtained a registration certificate, may, at his discretion; and

Memorandum of micro, small and medium enterprises
an industry 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, having investment in plant and machinery or more than one crore rupees but not exceeding ten crore rupees and, in pursuance of the notification of the Government of India in the erstwhile Ministry of Industry (Department of Industrial Development) number S.O.477(E), dated the 25TH July, 1991 file an Industrial Entrepreneurs' Memorandum, shall within one hundred and eighty days from the commencement of this Act, file the memorandum, in accordance with the provisions of this Act.

2) The form of the memorandum, the procedure of its filing and other matters incidental thereto shall be such as may be notified by the Central Government after obtaining the recommendations of the Advisory Committee in this behalf.

3) The authority with which the memorandum shall be filed by a medium enterprise shall be such as may be specified, by notification, by the Central Government.

4) The State Government shall, by notification, specify the authority with which a micro or small enterprise may file the memorandum.

5) The authorities specified under sub-sections (3) and (4) shall follow, for the purposes of this section, the procedure notified by the Central Government under sub-section (2).”

**Interpretation:**

“In the Indian context, micro, small and medium enterprises as per the MSME Development Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipments for enterprises providing or rendering services. According to the Micro, Small and Medium Enterprises (MSME) Development Act of 2006, (India) a micro enterprise is where the investment in plant and machinery does not exceed twenty five lakh rupees. A medium enterprise is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees. A small enterprise is where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees. In the case of the enterprises engaged in providing or rendering of services, as

(a) a micro enterprise is where the investment in equipment does not exceed ten lakh rupees.

(b) a small enterprise is where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.

(c) a medium enterprise is where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

According to the Ministry of Micro, Small and Medium Enterprises, recent ceilings on investment for enterprises to be classified as micro, small and medium enterprises are as follows:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Manufacturing Enterprises*</th>
<th>Service Enterprises**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Rs. 2.5 million/ Rs. 25 lakh (US$ 50,000)</td>
<td>Rs. 1 million/ Rs. 10 lakh (US$ 20,000)</td>
</tr>
<tr>
<td>Small</td>
<td>Rs. 50 million/ Rs. 5 crore (US$ 1 million)</td>
<td>Rs. 20 million/ Rs. 2 crore (US$ 40,000,000)</td>
</tr>
<tr>
<td>Medium</td>
<td>Rs. 100 million/ Rs. 10 crore (US$ 2 million)</td>
<td>Rs. 50 million/ Rs. 5 crore (US$ 1 million)</td>
</tr>
</tbody>
</table>

* Investment limit in Plant & Machinery
** Investment limit in equipments
*** Rs 50 = 1 USD

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Indonesia

*Agency: Kementerian Negara Koperasi dan UKM.

Ministry of SME and Cooperatives of the Republic of Indonesia.

Legal Definition:

“UNDANG-UNDANG REPUBLIK INDONESIA
NOMOR 20 TAHUN 2008
TENTANG
USAHA MIKRO, KECIL DAN MENENGAH
DENGAN RAHMAT TUHAN YANG MAHA ESA

PRESIDEN REPUBLIK INDONESIA,

BAB IV
KRITERIA

Pasal 6

(1) Kriteria Usaha Mikro adalah sebagai berikut:
   a. memiliki kekayaan bersih paling banyak Rp50.000.000,00 (lima puluh juta rupiah) tidak termasuk tanah dan bangunan tempat usaha; atau
   b. memiliki hasil penjualan tahunan paling banyak Rp300.000.000,00 (tiga ratus juta rupiah).

(2) Kriteria Usaha Kecil adalah sebagai berikut:
   a. memiliki kekayaan bersih lebih dari Rp50.000.000,00 (lima puluh juta rupiah) sampai dengan paling banyak Rp500.000.000,00 (lima ratus juta rupiah) tidak termasuk tanah dan bangunan tempat usaha; atau
   b. memiliki hasil penjualan tahunan lebih dari Rp300.000.000,00 (tiga ratus juta rupiah) sampai dengan paling banyak Rp2.500.000.000,00 (dua milyar lima ratus juta rupiah).

(3) Kriteria Usaha Menengah adalah sebagai berikut:
   a. memiliki kekayaan bersih lebih dari Rp500.000.000,00 (lima ratus juta rupiah) sampai dengan paling banyak Rp10.000.000.000,00 (sepuluh milyar rupiah) tidak termasuk tanah dan bangunan tempat usaha; atau
   b. memiliki hasil penjualan tahunan lebih dari Rp2.500.000.000,00 (dua milyar lima ratus juta rupiah) sampai dengan paling banyak Rp50.000.000.000,00 (lima puluh milyar rupiah).

(4) Kriteria sebagaimana dimaksud pada ayat (1) huruf a, huruf b, dan ayat (2) huruf a, huruf b, serta ayat (3) huruf a, huruf b nilai nominalnya dapat diubah sesuai dengan perkembangan perekonomian yang diatur dengan Peraturan Presiden.”

47 UNDANG-UNDANG REPUBLIK INDONESIA NOMOR 20 TAHUN 2008 TENTANG USAHA MIKRO, KECIL DAN MENENGAH, DENGAN RAHMAT TUHAN YANG MAHA ESA, PRESIDEN REPUBLIK INDONESIA, BAB IV, KRITERIA, Pasal 6
**Interpretation:**
This definition applies to 2007-2008 data.

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Turnover</th>
</tr>
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<tbody>
<tr>
<td>Micro:</td>
<td>a ≤ Rp. 50 mil;</td>
<td>t ≤ Rp. 300 mil</td>
</tr>
<tr>
<td>Small:</td>
<td>Rp. 50 mil &lt; a ≤ Rp. 500 mil;</td>
<td>Rp. 300 mil &lt; t ≤ Rp. 2,5 bil;</td>
</tr>
<tr>
<td>Medium:</td>
<td>Rp. 500 mil &lt; a ≤ Rp. 2,5 bl;</td>
<td>Rp. 2,5 bil &lt; t ≤ Rp. 50 bil;</td>
</tr>
</tbody>
</table>

*Agency: Kementerian Negara Koperasi dan UKM.
Ministry of SME and Cooperatives of the Republic of Indonesia.

**Legal Definition:**
1995-09 | Undang-undang Nomor 9 Tahun 1995
(Law 9 of 1995)

**Interpretation:**
The definition below by the Ministry of SME and Cooperatives applies to 2000-2006 data.

---

**Definition of SME in Indonesia**

The following is the existing definitions of small enterprises in Indonesia:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Ministry of SME and Cooperatives (Law 9 of 1995)</th>
<th>Bank of Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>• Owned by Indonesian Citizens</td>
<td>The same as Law 9 of 1995</td>
</tr>
<tr>
<td></td>
<td>• Independent and unaffiliated with medium or large enterprises</td>
<td></td>
</tr>
<tr>
<td>Net Assets (excl. land and building)</td>
<td>Small enterprise ≤ Rp 200.000.000</td>
<td>The same as Law 9 of 1995</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise &gt; Rp 200.000.000</td>
<td></td>
</tr>
<tr>
<td>Annual Sales</td>
<td>Small enterprise ≤ Rp 1.000.000.000</td>
<td>The same as Law 9 of 1995</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise &lt; Rp 10.000.000.000</td>
<td></td>
</tr>
<tr>
<td>Form of Entity</td>
<td>Individual businesses in the form of registered (formal) or unregistered business entries, including cooperatives</td>
<td>The same as Law 9 of 1995</td>
</tr>
<tr>
<td>Loan Received</td>
<td>-</td>
<td>Micro enterprise ≤ Rp 50.000.000.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small enterprise Rp 50.000.000.000 ≤ Rp 500.000.000.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium enterprise Rp 50.000.000.000 ≤ Rp 5.000.000.000.000</td>
</tr>
</tbody>
</table>

**Source:**

---

Agency: The Indonesia Central Statistical Bureau (BPS).

Legal Definition:
N/A

Interpretation:
A subset definition for SME in the industrial sector based on the number of employee:

1. Home-based industry: 3 or less employee
2. Small industry: 5-19 employee
3. Medium industry: 20–99.\(^49\)

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\(^49\) E-mail from IFC - Access to Finance Program, East Asia and Pacific, received on July 20, 2010.
Israel

Agency: Central Bureau of Statistics.

Legal Definition:

N/A

Interpretation:

Micro enterprise: 1-9 employees;
Small enterprise: 10-49 employees;
Medium enterprise: 50-100 employees.\(^{50}\)

Jamaica

Agency: Ministry of Industry, Commerce and Technology.

Legal definition: N/A

Interpretation: “The MSE sector is quite heterogeneous and the Ministry’s experience is that generic programmes designed to address the needs of the entire MSE spectrum is not appropriate. Hence from a policy intervention point of view, the Ministry classifies the sector into three categories: small businesses, micro businesses and start-ups. The definition of the three categories varies by country and local and international development agency. The view appears to be that each country should arrive at a classification that is practical and reflective of the local environment. Below is a list of the characteristics of each category from the Ministry’s perspective.

(a) Small Businesses (or Small Enterprises)
• Employs 4-10 persons (Some regard small businesses as those employing less than 49 employees. However, within the Jamaican context, such businesses may be more appropriately classified as medium size businesses.)
  • Average loan size is approximately $450,000 (US$10,000)
  • Assets excluding land and buildings total approximately J$4.5M (US$100,000)
  • Usually operates formally
  • Usually able to provide collateral for loans
  • Very sensitive to high interest rate

(b) Micro Businesses (or Micro Enterprises)
• Owner operated, employing three (3) or less persons
• Assets of less than $450,000 (US$10,000) excluding land and buildings
• Average size of loans is approximately $45,000 (US$1,000) with a maximum loan size of approximately J$100,000 (US$2,500)
• Usually operates informally
• Usually does not have appropriate collateral to access loans through formal financial institutions
• Is an existing business whereby the operator has some level of experience
• Because of small loan size and small debt service in absolute dollars, the micro enterprise is relatively
insensitive to high interest rate.

(c) Start-ups or Pre-Micro Enterprises

It should be noted that start-ups occur at different scale of operation. The category of interest here relates to new or potential micro businesses and therefore is characterised by some of the same general features as the micro enterprise category above. However, in addition to the above features, this group lacks business experience. As in the case of a small or large business starting from “scratch”, there is a fair amount of risk until the operator is able to climb up the learning curve successfully. This lack of business and technical experience constitutes one of the major problems facing the start-ups.

However, the start-ups provide an opportunity for the hundreds of thousands of persons who are unable to find employment to eventually become self-employed, even though initially in some cases their earnings may be below the poverty line. It also provides an opportunity to transform the thousands of youths, who may be unemployable to become employable. The interventions of the Ministry with respect to policy, financial services and business development services are to some extent geared to address the needs of the above three categories of MSEs.” 51

Japan
Agency: National legislature.

Legal Definition:
“The Small and Medium Enterprise Basic Law

(Act No. 154 of 1963: Amended in December 3, 1999)

Article 2: The SMEs covered by the measures adopted by the State under this Law shall in general be those that fall under any of the following items, and the scope thereof shall be determined for each measure so that such measures may be effectively implemented to realize the basic principles described in the following Article:

(1) Any entity which is a company whose capital or total amount of investment does not exceed three hundred million yen (¥ 300,000,000), or a company or an individual whose regular workforce does not exceed three hundred persons, and which is principally engaged in manufacturing, construction, transportation or any other category of business (except those categories of business mentioned in any of items (2) to (4) below);

(2) Any entity which is a company whose capital or total amount of investment does not exceed one hundred million yen (¥ 100,000,000), or a company or an individual whose regular workforce does not exceed one hundred persons, and which is principally engaged in the wholesale trade;

(3) Any entity which is a company whose capital or total amount of investment does not exceed fifty million yen (¥ 50,000,000), or a company or an individual whose regular workforce does not exceed one hundred persons, and which is principally engaged in the service industry;

(4) Any entity which is a company whose capital or total amount of investment does not exceed fifty million yen (¥ 50,000,000), or a company or an individual whose regular workforce does not exceed fifty persons, and which is principally engaged in the retail trade.

2. The term “business innovation” as used in this Law shall mean the substantial improvement of business through the development or production of new products, development or provision of new services, introduction of new methods of producing or marketing products, introduction of new methods of providing services, introduction of new methods of business management, or other new business activities.

3. The term “creative business activity” as used in this Law shall mean those business activities which are the object of business innovation or start-ups and which involve the use of remarkably original techniques or remarkably creative methods of business
4. The term “business resources” as used in this Law shall mean the plants, equipment, technologies, skills and knowledge of individuals, and other resources utilized in business activities.

5. The term “small enterprise” as used in this Law shall generally mean an enterprise with a regular workforce not in excess of twenty persons (or five persons in the case of enterprises which are principally engaged in commerce or the service industry).”

Interpretation:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Small and medium enterprises (meet one or more of the following conditions)</th>
<th>Of which small enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital</td>
<td>No. of regular employees</td>
</tr>
<tr>
<td>1)</td>
<td>Up to ¥300 million</td>
<td>Up to 300</td>
</tr>
<tr>
<td>2)</td>
<td>Up to ¥100 million</td>
<td>Up to 100</td>
</tr>
<tr>
<td>3)</td>
<td>Up to ¥50 million</td>
<td>Up to 100</td>
</tr>
<tr>
<td>4)</td>
<td>Up to ¥50 million</td>
<td>Up to 100</td>
</tr>
</tbody>
</table>


Jordan
Agency: The Hashemite Kingdom of Jordan Department of Statistics (DOS).

Legal Definition:
N/A

Interpretation:
Micro enterprise: 1-4 employees
Small enterprise: 5-19 employees
Medium enterprise: 20-99 employees.
Kazakhstan

Agency: National Legislature

Legal definition:
“Согласно закону «О частном предпринимательстве» от 31 января 2006 года №124-111 к субъектам малого предпринимательства относятся индивидуальные предприниматели без образования юридического лица со среднегодовой численностью работников не более 50 человек и юридические лица, осуществляющие частное предпринимательство, со среднегодовой численностью работников не более 50 человек и среднегодовой стоимостью активов за год не свыше 60000 МРП, установленного законом о республиканском бюджете на соответствующий финансовый год активов за год.”

Interpretation:
“Law on Private Entrepreneurship” as of January 31, 2006 №124-111

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Persons employed</th>
<th>Asset value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>&lt;50</td>
<td>60000 of Monthly Estimated Index of the Republic of Kazakhstan</td>
</tr>
</tbody>
</table>

*Agency: The Agency of Statistics of the Republic of Kazakhstan

Legal definition:
Бизнес регистры
Методологические пояснения

“По размеру юридические лица распределяются в зависимости от списочной численности занятых (без совместителей и работающих по договору) в среднем за год:

- малые (до 50 человек);
- средние (от 51 до 250 человек)

Interpretation:

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Persons employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>&lt;50</td>
</tr>
<tr>
<td>Medium</td>
<td>51-250</td>
</tr>
</tbody>
</table>

Kenya


Legal Definition: MSME bill 2009.

Interpretation:
“In Kenya, the MSME bill 2009 has used 2 criteria to define SMEs in general: Number of people/employees and the company’s annual turnover. For enterprises in the manufacturing sector, the definition takes into account the investment in plant and machinery as well as the registered capital. This SME definition is therefore as follows:”

<table>
<thead>
<tr>
<th>ENTITY (Trade, service, industry or business activity)</th>
<th>NO. OF EMPLOYEES/PEOPLE</th>
<th>ANNUAL TURNOVER LIMIT</th>
<th>INVESTMENT IN PLANT AND MACHINERY + REGISTERED CAPITAL</th>
<th>EQUIPMENT INVESTMENT + REGISTERED CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro enterprise</td>
<td>Less than 10 people</td>
<td>Not exceeding Ksh. 500,000</td>
<td>Not exceeding Ksh. 10M</td>
<td>Not exceeding Ksh. 5M</td>
</tr>
<tr>
<td>Small enterprise</td>
<td>More than 10 but less than 50</td>
<td>Between Ksh. 500,000 to Ksh. 5M</td>
<td>More than 10M but less than 50M</td>
<td>More than 5M but less than 20M</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>More than 50 but less than 100</td>
<td>Between Ksh. 5M to 800M</td>
<td>Not specified in the draft bill</td>
<td>Not specified in the draft bill</td>
</tr>
<tr>
<td>Micro, Small and Medium (MSME)</td>
<td>Not less than 100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Korea, Republic

**Agency:** National Legislature.

**Legal Definition:** Article 2 of Framework Act on SMEs and Article 3 of Enforcement Decree of the Act.

**Interpretation:**

*General Criteria (Article 2 of Framework Act on SMEs and Article 3 of Enforcement Decree of the Act)*

<table>
<thead>
<tr>
<th>Sector</th>
<th>SMEs</th>
<th>Small Business</th>
<th>Micro-Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of Workers</td>
<td>Capital &amp; Sales</td>
<td>No. of Workers</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Less than 300</td>
<td>Capital worth $8M or less</td>
<td>Less than 50</td>
</tr>
<tr>
<td>Mining, construction and transportation</td>
<td>Less than 300</td>
<td>Capital worth $3M or less</td>
<td>Less than 10</td>
</tr>
<tr>
<td>Large general retail stores, hotel, recreational condominium operation, communications, information processing and other computer-related industries, engineering service, hospital and broadcasting</td>
<td>Less than 300</td>
<td>Sales worth $30M or less</td>
<td>Less than 5</td>
</tr>
<tr>
<td>seed and seedling production, fishing, electrical, gas and waterworks, medical and orthopaedic products, wholesales, fuel and related products wholesales, mail order sale, door-to-door sale, tour agency, warehouses and transportation-related service, professional, science</td>
<td>Less than 200</td>
<td>Sales worth $20M or less</td>
<td>Less than 5</td>
</tr>
</tbody>
</table>
Companion Note for the MSME Country Indicators

<table>
<thead>
<tr>
<th>Category</th>
<th>Less than 100 Sales</th>
<th>Sales $10M or less</th>
<th>Less than 10</th>
<th>Less than 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>and technology service, business support service, movie, amusement and theme park operation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale and product intermediation, machinery equipment rent for industrial use, R&amp;D for natural science, public performance, news provision, botanical garden, zoo and natural parks, waste water treatment, waste disposal and cleaning related service</td>
<td>Less than 100</td>
<td>Sales $10M or less</td>
<td>Less than 10</td>
<td>Less than 5</td>
</tr>
<tr>
<td>Other sectors</td>
<td>Less than 50</td>
<td>Sales worth $5M or less</td>
<td>Less than 10</td>
<td>Less than 5</td>
</tr>
</tbody>
</table>

* For micro-enterprises, Article 2 of the Act of Special Measures on Assisting Small Business and Micro-enterprises shall apply.\(^{56}\)

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\(^{56}\) General Criteria (Article 2 of Framework Act on SMEs and Article 3 of Enforcement Decree of the Act); For micro-enterprises, Article 2 of the Act of Special Measures on Assisting Small Business and Micro-enterprises shall apply. Scope of Korean SMEs, the Small & Medium Business Administration, [http://eng.smba.go.kr/pub/kore/kore020101.jsp](http://eng.smba.go.kr/pub/kore/kore020101.jsp) (accessed May 26, 2010).
Kuwait
Agency: Kuwait Small Projects Development Company.

Legal Definition:
N/A

Interpretation:
“The Kuwait Small Projects Development Company, a state-financed fund that takes equity shares in small and medium projects, considers projects with capital up to 150,000 Kuwaiti Dinar ($520,000) as small and those with less than 500,000 Dinar (1.7 million $) as medium-size. The number of employees does not appear to be used as size criterion.”

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Kyrgyz Republic

Agency: Government (by decree).

Legal Definition:

Постановление Правительства Кыргызской Республики
от 17 февраля 1998 года № 78, с учетом редакции постановления Правительства
Кыргызской Республики от 29 августа 2002г. №590

58 ОСНОВНАЯ СХЕМА классификатора типов предприятий (Утверждена постановлением Правительства Кыргызской Республики от 17 февраля 1998 года № 78, с учетом редакции постановления Правительства Кыргызской Республики от 29 августа 2002г. №590), Методологические пояснения по малому и среднему предпринимательству, Методологические пояснения, Малое и среднее предпринимательство, предприятия с иностранными инвестициями, Национальный статистический комитет Кыргызской Республики, c. 607,
Interpretation:
Decree by the Government of the Kyrgyz Republic from February 17, 1998 N 78, including amendments of the Decree by the Government of the Kyrgyz Republic from August 29, 2002 N 590.

Classification of enterprises by paid employees:

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Group I of economic activities</th>
<th>Group II of economic activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1-15</td>
<td>1-7</td>
</tr>
<tr>
<td>Small</td>
<td>16-50</td>
<td>8-15</td>
</tr>
<tr>
<td>Medium</td>
<td>51-200</td>
<td>16-50</td>
</tr>
</tbody>
</table>

Classification of enterprises by turnover (including production, works and services):

<table>
<thead>
<tr>
<th>Size of Enterprise</th>
<th>Group I of economic activities, in ‘000 soms</th>
<th>Group II of economic activities, in ‘000 soms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>&lt;150</td>
<td>&lt;230</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;500</td>
<td>&lt;500</td>
</tr>
<tr>
<td>Medium</td>
<td>500-200</td>
<td>500-200</td>
</tr>
</tbody>
</table>

Types of Economic Activities:

<table>
<thead>
<tr>
<th>Group I</th>
<th>Group II</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agriculture, hunting and forestry</td>
<td>• Trade</td>
</tr>
<tr>
<td>• Fishing, fish farming</td>
<td>• Repair of automobiles, household goods and personal items</td>
</tr>
<tr>
<td>• Mining</td>
<td>• Hotels and restaurants</td>
</tr>
<tr>
<td>• Manufacturing</td>
<td></td>
</tr>
</tbody>
</table>
Companion Note for the MSME Country Indicators

- Production and distribution of electricity, gas and water
- Construction

- Transport and Communications
- Financial Activities
- Real estate services
- Education
- Health and social services
- Communal, social and personal services

Detailed list of economic units and their economic activity groups are determined by the National Statistical Committee.
**Lao PDR**

**Agency:** the Ministry of Industry and Handicraft.

**Legal Definition:**
N/A

**Interpretation:**

“The Ministry of Industry and Handicraft (MIH) uses a quantitative definition to classify the size SMEs in Laos. In 1996, MIH-GTZ defined small enterprises as comprising one to nine workers, medium-sized enterprise 10 to 29 workers, and large enterprise more than 20 workers.

In 2000, MIH changed SMEs’ definition when it gave definitions for factories in the processing industry. These defined 10 – 50 workers (or 10-50 horsepower) as small enterprise, 51-200 workers (or 51-200 horsepower) as medium-sized enterprise and more than 200 workers or 200 horsepower as large enterprise.”

*Agency: National Statistical Center & the Ministry of Industry and Handicraft.*

**Legal Definition:**
N/A

**Interpretation:**

“In 2000, the National Statistical Center echoed the then new definition put forth by the MIH, which has now become the standard among practitioners and academics working with micro/small enterprises in Laos. Based on its definition, small enterprises have one to nine workers, medium-sized enterprises 10 to 99, and large enterprises more than 99.”

**Agency:** Prime Minister’s Office (2004).

**Legal Definition:**
N/A

**Interpretation:**

“SMEs are independent enterprises that are legally registered and operating according to the prevailing laws of the Laos and are classified into the following size categories:

a. Small enterprises are those having an annual average number of employees not exceeding 19 people or total assets not exceeding two hundred and fifty million kip or an annual turnover not exceeding four hundred million kip, and

---


60 Ibid.
b. Medium sized enterprises are those having an annual average number of employees not exceeding 99 people or total assets not exceeding one billion two hundred million kip or an annual turnover not exceeding one billion kip (Table 1).\textsuperscript{61}

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Employees (person)</th>
<th>Annual Turnover (million kip)</th>
<th>Asset Value (million kip)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1 – 4</td>
<td>&lt; 100</td>
<td>&lt; 70</td>
</tr>
<tr>
<td>Small</td>
<td>5 – 19</td>
<td>&lt; 400</td>
<td>&lt; 250</td>
</tr>
<tr>
<td>Medium</td>
<td>20 – 99</td>
<td>&lt; 2000</td>
<td>&lt; 1200</td>
</tr>
</tbody>
</table>


\textsuperscript{61} Ibid.
Lebanon

Agency: Ministry of Economy and Trade.

Legal Definition: N/A

Interpretation: “Small and Medium Enterprises are defined, in terms of size, as those employing less than 200 employees and having sales of less than 5 million $/year.”

Malaysia

Agency: National SME Development Council (NSDC).

Legal Definition:

“DEFINITIONS FOR

SMALL AND MEDIUM ENTERPRISES IN MALAYSIA

(Approved for Adoption by National SME Development Council on 9 June 2005)

2. COVERAGE OF DEFINITIONS FOR SMEs IN MALAYSIA

2.1 For wider coverage and applicability, definitions of SMEs will be based on two criteria, namely:

2.1.1 Number of employees; or

2.1.2 Annual sales turnover.

Therefore, an enterprise will be classified as an SME if it meets either the specified number of employees or annual sales turnover definition.

2.2 The definitions will apply for the following sectors:

2.2.1 Primary Agriculture;

2.2.2 Manufacturing (including agro-based);

2.2.3 Manufacturing-Related Services (MRS); and

2.2.4 Services (including Information and Communications Technology).

2.3 For consistency and comparability of data across sectors, the working definition for SMEs in the mining and quarrying sector, and construction sector will be based on the SME definition for the services sector (as per paragraph 3.3 below).

2.4 To ensure comparability of data from the various sources and to facilitate data harmonisation across the various providers of SME statistics, classification of economic activities will be based on the Malaysian Standard Industrial Classification (MSIC) 2000 codes. Appendix 2 provides the list of economic activities under the various sectors.

2.5 The following list of approved SME definitions is not exhaustive and may be amended or expanded by the National SME Development Council from time to time to reflect changes in operating and business conditions.

3. APPROVED SME DEFINITIONS

3.1 Primary Agriculture

General Definition
3.1.1 A small and medium enterprise in primary agriculture is an enterprise with full-time employees not exceeding 50 or annual sales turnover not exceeding RM5 million.

**Specific Definitions**

3.1.2 A micro enterprise in primary agriculture is an enterprise with full-time employees of less than 5 or with annual sales turnover of less than RM200,000;

3.1.3 A small enterprise in primary agriculture is an enterprise with full-time employees of between 5 and 19 or with annual sales turnover of between RM200,000 and less than RM1 million; and

3.1.4 A medium enterprise in primary agriculture is an enterprise with full-time employees of between 20 and 50 or with annual sales turnover of between RM1 million and RM5 million.

3.2 Manufacturing (including agro-based) and MRS

**General Definition**

3.2.1 A small and medium enterprise in manufacturing (including agro-based) and MRS is an enterprise with full-time employees not exceeding 150 or with annual sales turnover not exceeding RM25 million.

**Specific Definitions**

3.2.2 A micro enterprise in manufacturing (including agro-based) and MRS is an enterprise with full-time employees of less than 5 or with annual sales turnover of less than RM250,000;

3.2.3 A small enterprise in manufacturing (including agro-based) and MRS is an enterprise with full-time employees of between 5 and 50 or with annual sales turnover of between RM250,000 and less than RM10 million; and

3.2.4 A medium enterprise in manufacturing (including agro-based) and MRS is an enterprise with full-time employees of between 51 and 150 or with annual sales turnover of between RM10 million and RM25 million.

3.3 Services (including ICT)

**General Definition**

3.3.1 A small and medium enterprise in services is an enterprise with full-time employees not exceeding 50 or annual sales turnover not exceeding RM5 million.

**Specific Definitions**

3.3.2 A micro enterprise in services is an enterprise with full-time employees of less than 5 or with annual sales turnover of less than RM200,000;

3.3.3 A small enterprise in services is an enterprise with full-time employees of between 5 and 19 or with annual sales turnover of between RM200,000 and less than RM1 million; and

3.3.4 A medium enterprise in services is an enterprise with full-time employees of between 20 and 50 or with annual sales turnover of between RM1 million and RM5 million.
3.4 The table below summarises the approved SME definitions based on number of full-time employees:

<table>
<thead>
<tr>
<th>Sector Size</th>
<th>Primary Agriculture</th>
<th>Manufacturing (Including Agro-Based) &amp; MRS</th>
<th>Services Sector (Including ICT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Less than 5 employees</td>
<td>Less than 5 employees</td>
<td>Less than 5 employees</td>
</tr>
<tr>
<td>Small</td>
<td>Between 5 &amp; 19 employees</td>
<td>Between 5 &amp; 50 employees</td>
<td>Between 5 &amp; 19 employees</td>
</tr>
<tr>
<td>Medium</td>
<td>Between 20 &amp; 50 employees</td>
<td>Between 51 &amp; 150 employees</td>
<td>Between 20 &amp; 50 employees</td>
</tr>
</tbody>
</table>

3.5 The table below summarises the approved SME definitions based on annual sales turnover.

<table>
<thead>
<tr>
<th>Sector Size</th>
<th>Primary Agriculture</th>
<th>Manufacturing (Including Agro-Based) &amp; MRS</th>
<th>Services Sector (Including ICT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Less than RM200,000</td>
<td>Less than RM250,000</td>
<td>Less than RM200,000</td>
</tr>
<tr>
<td>Small</td>
<td>Between RM200,000 &amp; less than RM1 million</td>
<td>Between RM250,000 &amp; less than RM10 million</td>
<td>Between RM200,000 &amp; less than RM1 million</td>
</tr>
<tr>
<td>Medium</td>
<td>Between RM1 million &amp; RM5 million</td>
<td>Between RM10 million &amp; RM25 million</td>
<td>Between RM1 million &amp; RM5 million</td>
</tr>
</tbody>
</table>

**Interpretation:**

“Malaysian SMEs can be grouped into three categories: Micro, Small, or Medium.

These groupings are decided based on EITHER the numbers of people a business employs OR on the total sales or revenue generated by a business in a year.

I. Number of Employees

Based on the number of full-time employees:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Primary Agriculture</th>
<th>Manufacturing (including Agro-Based) &amp; MRS*</th>
<th>Services Sector (including ICT**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Less than 5 employees</td>
<td>Less than 5 employees</td>
<td>Less than 5 employees</td>
</tr>
</tbody>
</table>

---

II. Annual Sales Turnover

Based on annual sales turnover:

<table>
<thead>
<tr>
<th></th>
<th>Primary Agriculture</th>
<th>Manufacturing (including Agro-Based) &amp; MRS*</th>
<th>Services Sector (including ICT**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Less than RM200,000</td>
<td>Less than RM250,000</td>
<td>Less than RM200,000</td>
</tr>
<tr>
<td>Small</td>
<td>Between RM200,000 &amp; less than RM1 million</td>
<td>Between RM250,000 &amp; less than RM10 million</td>
<td>Between RM200,000 &amp; less than RM1 million</td>
</tr>
<tr>
<td>Medium</td>
<td>Between RM1 million &amp; RM5 million</td>
<td>Between RM10 million &amp; RM25 million</td>
<td>Between RM1 million &amp; RM5 million</td>
</tr>
</tbody>
</table>

*MRS : Manufacturing-Related Services  
** ICT : Information and Communications Technology

Mauritius

Agency: Central Statistics Office.

Legal definition: N/A

Interpretation:
Small enterprises - fewer than 9 workers
Medium enterprises - with 10 to 50 workers

Agency: Small and Medium Industries Organization (SMIDO).

Legal definition: N/A

Interpretation:
“SMIDO defines SMEs as those engaged in manufacturing with an investment in production equipment not exceeding 10 million rupees.”

---

66 Ibid.
Mexico

*Agency: Instituto Nacional de Estadística Geografía e Informática.

Legal definition:
N/A

Interpretation:
Micro: 0-10 persons employed
Small: 11-50 persons employed
Medium: 51-250 persons employed

Agency: N/A

Legal definition: N/A

Interpretation:

Defining SMEs in Mexico.

- **Micro enterprise:** between 0 and 10 employees in manufacturing, retail and services;
- **Small enterprise:** between 11 and 50 employees in manufacturing and services, and up to 30 employees in retail;
- **Medium-sized enterprise:** between 51 and 250 employees in manufacturing, 31 and 100 employees in retail, and 51 and 100 employees in services.

Moldova

Agency: Statistica Moldovei.

Legal definition:
“Unii indicatori vizînd activitatea întreprinderilor mici şi mijlocii în anul 2007

Notă *

Întreprindere mijlocie - întreprindere cu numărul mediu scriptic anual de salariaţi de pînă la 250 persoane, suma anuală a veniturilor din vînzări este pînă la 50 milioane lei şi valoarea totală anuală de bilanţ a activelor este pînă la 50 milioane lei.

Întreprindere mică - întreprindere cu numărul mediu scriptic anual de salariaţi de pînă la 50 persoane, suma anuală a veniturilor din vînzări este pînă la 25 milioane lei şi valoarea totală anuală de bilanţ a activelor este pînă la 25 milioane lei.

Întreprindere micro - întreprindere cu numărul mediu scriptic anual de salariaţi de pînă la 10 persoane, suma anuală a veniturilor din vînzări este pînă la 3 milioane lei şi valoarea totală anuală de bilanţ a activelor este pînă la 3 milioane lei.”

Interpretation:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of persons employed</th>
<th>Annual amount of revenue from sales</th>
<th>Annual balance sheet total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1-10</td>
<td>&lt; 3 million lei</td>
<td>&lt; 3 million lei</td>
</tr>
<tr>
<td>Small</td>
<td>11-50</td>
<td>&lt; 25 million lei</td>
<td>&lt; 25 million lei</td>
</tr>
<tr>
<td>Medium</td>
<td>50-250</td>
<td>&lt; 50 million lei</td>
<td>&lt; 50 million lei</td>
</tr>
</tbody>
</table>

---

Morocco

Agency: La fédération des PME-PMI.

Legal definition: N/A

Interpretation:

“- moins de 200 employés permanents,
- moins de 50 millions de dirhams de chiffre d’affaires,
- total du bilan annuel inférieur à 40 millions de dirhams,
- coût de l’investissement de l’ordre de 75 000 dirhams par emploi,
- aucune participation d’un groupe dans le capital de la PME.”

---

Mozambique

Agency: Instituto Nacional de Estatística.

Legal definition: N/A

Interpretation:
Small enterprise: 1-9 employee/s
Medium enterprise: 10-99 employees

Agency: Ministry of Agriculture.

Legal definition: N/A

Interpretation:
Micro enterprise: 1-5 employee/s
Small enterprise: 6-25 employees
Medium enterprise: 26-100 employees.

*Agency: Gabinete de Consultoria e Apoio a Pequena Industria.

Legal definition: N/A

Interpretation:
Micro enterprise: 1-9 employee/s
Small enterprise: 10-50 employees
Medium enterprise: 50-100 employees.

Agency: Ministry of Commerce and Industry.

Legal definition: N/A

Interpretation:
Micro enterprise: 1-25 employee/s
Small enterprise: 25-124 employees
Medium enterprise: 125-249 employees.
Myanmar

Agency: National legislature.

Legal definition: Private Industrial Enterprises Law 1990

Interpretation:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power (horsepower) used</td>
<td>3-25</td>
<td>26-50</td>
<td>Over 50</td>
</tr>
<tr>
<td>Number of workers</td>
<td>10-50</td>
<td>51-100</td>
<td>Over 100</td>
</tr>
<tr>
<td>Capital investment (million kyat)</td>
<td>Up to 1</td>
<td>1-5</td>
<td>Over 5</td>
</tr>
<tr>
<td>Annual production (million kyat)</td>
<td>Up to 2.5</td>
<td>2.5 to 10</td>
<td>Over 10</td>
</tr>
</tbody>
</table>

Source: Private Industrial Law (1990)

Nepal


Legal definition:

“The Industrial Enterprises Act 1992

An Act Made to Provide for the Industrial Development

Published in Nepal Gazette 12 Nov. 1992 (049/07/27)

Industrial Enterprises (First Amendment) Act, 1997 22 Aug. 1997 (2054/05/06)

...

5. #Small Industries:

Industries with a fixed asset of up to an amount of thirty million rupees shall be named as small industries.

6. #Medium Industries:

Industries with a fixed asset between thirty million rupees and one hundred million rupees shall be named as medium industries.”73

Interpretation:

N/A

Netherlands Antilles

Agency: Central Bureau of Statistics.

Legal Definition:
N/A

Interpretation:

<table>
<thead>
<tr>
<th>Category</th>
<th>Persons employed</th>
<th>Turnover (Antillean guilders)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Less than 5 persons employed</td>
<td>less than 500 thousand turnover</td>
</tr>
<tr>
<td>Small</td>
<td>Between 5 and 10 persons employed</td>
<td>less than 500 thousand turnover</td>
</tr>
<tr>
<td>Medium</td>
<td>Between 10 and 50 persons employed</td>
<td>a turnover between 500 thousand and 5 million</td>
</tr>
</tbody>
</table>

Source: Email from the Business Statistics, Central Bureau of Statistics, received on July 14, 2010.
New Zealand

Agency: Ministry of Economic Development.

Legal Definition: N/A

Interpretation:
“SMEs are defined as enterprises with 19 or fewer employees. However, for those wishing to use other categorizations, this report provides information broken down by the following size categories:

- zero employees
- 1-5 employees
- 6-9 employees
- 10-19 employees
- 20-49 employees
- 50-99 employees
- 100-499 employees
- 500 or more employees

Enterprises in these categories correspond to tax reporting units. Enterprises represent a legal entity, which may be a company, partnership, trust, estate, incorporated society, producer board, local or central government organisation, religious organisation, voluntary organization or self-employed individual. The number of employees at the enterprise level is equivalent to the sum of employees of its associated geographic unit(s). Agricultural enterprises are included.”

*Agency: Ministry of Economic Development.

Legal Definition: N/A

Interpretation:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>0-9</td>
<td>1-9</td>
</tr>
<tr>
<td>Small</td>
<td>10-99</td>
<td>10-99</td>
</tr>
<tr>
<td>Medium</td>
<td>100+</td>
<td>100-499</td>
</tr>
</tbody>
</table>

2000-2004 data cover both private and government sector enterprises, while data since 2005 covers private sector only.

Nicaragua

Agency: National legislature.

Legal Definition: “Arto. 3 de la Ley 645, Ley MIPYME.” 75

Interpretation:

<table>
<thead>
<tr>
<th></th>
<th>Micro enterprise</th>
<th>Small enterprise</th>
<th>Medium enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>1-5</td>
<td>6-30</td>
<td>31-100</td>
</tr>
<tr>
<td>Total Assets (Córdobas)</td>
<td>&lt; 200,000</td>
<td>&lt; 1.5 millions</td>
<td>&lt; 6.0 millions</td>
</tr>
<tr>
<td>Total Annual Sales (Córdobas)</td>
<td>&lt; 1 million</td>
<td>&lt; 9 millions</td>
<td>&lt; 40 millions</td>
</tr>
</tbody>
</table>

Nigeria

*Agency: USAID/Chemonics Inc.

Legal definition: See below.

Interpretation:
Micro enterprise: 1-5 employees
Small enterprise: 6-20 employees
Medium enterprise: 21-50 employees.\(^76\)


Legal definition: was adopted at 13th Council meeting of the National Council on Industry held in July, 2001.

Interpretation:

• Micro/Cottage Industry

An industry with a labour size of not more than 10 workers, or total cost of not more than N1.50 million, including working capital but excluding cost of land.

• Small-Scale Industry

An industry with a labour size of 11-100 workers or a total cost of not more than N50 million, including working capital but excluding cost of land.

• Medium Scale Industry:

An industry with a labour size of between 101-300 workers or a total cost of over N50 million but not more than N200 million, including working capital but excluding cost of land.\(^77\)

---


Northern Mariana Islands

Agency: U.S. Census Bureau.

Legal Definition: N/A

Interpretation:
Micro enterprise: 1-4 employees
Small enterprise: 5-9 employees
Medium enterprise: 10-19 employees.\(^7^8\)

---

\(^7^8\) “2007 Economic Census of Island Areas,” U.S. Census Bureau, September 1, 2009, [http://factfinder.census.gov/servlet/IBQTable?_bm=y&-geo_id=&-fds_name=EC0700A1&-_skip=100&-ds_name=IA0700A01&-_lang=en](http://factfinder.census.gov/servlet/IBQTable?_bm=y&-geo_id=&-fds_name=EC0700A1&-_skip=100&-ds_name=IA0700A01&-_lang=en) (June 22, 2010).
Oman

*Agency:* Omani Ministry of National Economy.

**Legal definition:**
N/A

**Interpretation:**
“According to the Omani Ministry of National Economy, companies with up to 5 employees are micro-enterprises, companies with up to 20 are considered small, while those with up to 100 are medium.”  

Agency: Ministry of Commerce and Industry.

**Legal definition:**
N/A

**Interpretation:**
“companies with up to 10 workers are small, while those with up to 50 are considered medium size.”

Agency: Banks of Oman.

**Legal definition:**
N/A

**Interpretation:**
“...have yet different definitions, sometimes based on company turnover – data which private financial institutions can more easily obtain from their clients than state agencies can.”

---


80 Ibid.

81 Ibid.
Pakistan

*Agency: Ministry of Industries, Production & Special Initiatives Government of Pakistan.

Legal Definition:

“Policy Recommendation

GoP may adopt a single SME Definition that is accepted by all public and private agencies. However, various organizations may be allowed a two-year time frame to align their current SME definition in line with the SME Definition proposed in this Policy.

SME definition is as follows:

<table>
<thead>
<tr>
<th>Enterprise Category</th>
<th>Employment Size (a)</th>
<th>Paid Up Capital (b)</th>
<th>Annual Sales (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small &amp; Medium Enterprise (SME)</td>
<td>Up to 250</td>
<td>Up to Rs. 25 Million</td>
<td>Up to Rs. 250 Million</td>
</tr>
</tbody>
</table>

The Federal Government, in line with the economic development of Pakistan may, from time to time modify the eligibility criteria as it sees fit. All providers of services receiving funding from the Government may define more narrow scopes for specific targeting purposes.”

Interpretation:

N/A

Agency: Multiple (see below).

Legal Definition:

N/A

Interpretation:

“SME Definitions used by various institutions in Pakistan

<table>
<thead>
<tr>
<th>Institution</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Bank</td>
<td>Total Assets of Rs. 20 million</td>
<td>Total Assets of Rs. 100 million</td>
</tr>
<tr>
<td>Federal Bureau of Statistics</td>
<td>Less than 10 employees</td>
<td>N/A</td>
</tr>
<tr>
<td>Punjab Small Industries</td>
<td>Fixed investment. up to Rs. 20 million excluding</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Land and building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab Industries Department</td>
<td>Fixed assets with Rs. 10 million excluding cost of land</td>
</tr>
<tr>
<td>Sindh Industries Department</td>
<td>Entity engaged in handicrafts or manufacturing of consumer or producer goods with fixed capital investment up to Rs.10 million including land &amp; building</td>
</tr>
<tr>
<td>State Bank of Pakistan (SME Prudential Regulations)</td>
<td>An entity, ideally not being a public limited company, which does not employee more than 250 persons (manufacturing) and 50 persons (trade/services) and also fulfills one of the following criteria: (i) A trade/services concern with total assets at cost excluding land and buildings up to Rs 50 million. (ii) A manufacturing concern with total assets at cost excluding land and building up to Rs 100 million. (iii) Any concern (trade, services or manufacturing) with net sales not exceeding Rs 300 million as per latest financial statements.</td>
</tr>
</tbody>
</table>

Peru

*Agency: El Instituto Nacional de Estadística e Informática (INEI).

Legal Definition: N/A

Interpretation:

Micro enterprise: 1-10
Small enterprise: 11-50
Medium enterprise: 51-200.

Agency: Ministry of Labor and Employment.

Legal Definition:

“Texto Único Ordenado de la Ley de Promoción de la Competitividad, Formalización y Desarrollo de la Micro y Pequeña Empresa y del Acceso al Empleo Decente, Ley MYPE:

Artículo 5.- Características de las MYPE

Las MYPE deben reunir las siguientes características concurrentes:

Microempresa: de uno (1) hasta diez (10) trabajadores inclusive y ventas anuales hasta el monto máximo de 150 Unidades Impositivas Tributarias (UIT).

Pequeña Empresa: de uno (1) hasta cien (100) trabajadores inclusive y ventas anuales hasta el monto máximo de 1700 Unidades Impositivas Tributarias (UIT). El incremento en el monto máximo de ventas anuales señalado para la Pequeña Empresa será determinado por Decreto Supremo refrendado por el Ministro de Economía y Finanzas cada dos (2) años y no será menor a la variación porcentual acumulada del PBI nominal durante el referido período. Las entidades públicas y privadas promoverán la uniformidad de los criterios de medición a fin de construir una base de datos homogénea que permita dar coherencia al diseño y aplicación de las políticas públicas de promoción y formalización del sector.”

Interpretation:

<table>
<thead>
<tr>
<th>Size of the Enterprise</th>
<th>Employment</th>
<th>Annual sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro:</td>
<td>1-10</td>
<td>&lt;150 tax units</td>
</tr>
<tr>
<td>Small:</td>
<td>1-100</td>
<td>&lt;1700 tax units</td>
</tr>
</tbody>
</table>

**Philippines**


**Interpretation:**

"**MSMEs Defined**"

Micro, small, and medium enterprises (MSMEs) are defined as any business activity/enterprise engaged in industry, agri-business/services, whether single proprietorship, cooperative, partnership, or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:

By Asset Size*

<table>
<thead>
<tr>
<th>Category</th>
<th>Asset Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Up to P3,000,000</td>
</tr>
<tr>
<td>Small</td>
<td>P3,000,001 - P15,000,000</td>
</tr>
<tr>
<td>Medium</td>
<td>P15,000,001 - P100,000,000</td>
</tr>
<tr>
<td>Large</td>
<td>above P100,000,000</td>
</tr>
</tbody>
</table>

Alternatively, MSMEs may also be categorized based on the number of employees:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1 - 9 employees</td>
</tr>
<tr>
<td>Small</td>
<td>10 -- 99 employees</td>
</tr>
<tr>
<td>Medium</td>
<td>100 -- 199 employees</td>
</tr>
<tr>
<td>Large</td>
<td>More than 200 employees</td>
</tr>
</tbody>
</table>

**Agency:** Philippine Congress.

**Legal Definition:**

"**Magna Carta for Micro, Small and Medium Enterprises**"

**(Republic Act 6977, as amended by RA 8289 and further amended by RA 9501 in 2008)**

SEC. 3. Micro, Small and Medium Enterprises (MSMEs) as Beneficiaries. — MSMEs shall be defined as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, must have value falling under the following categories:

micro : not more than P3,000,000

---

small: P3,000,001 - P 15,000,000
medium: P15,000,001 - P100,000,000

“The above definitions shall be subject to review and adjustment by the Micro, Small and Medium Enterprises Development (MSMED) Council under Section 6 of this Act or upon recommendation of sectoral organizations concerned, taking into account inflation and other economic indicators. The Council may use other variables such as number of employees, equity capital and assets size.

“The Council shall ensure that notwithstanding the plans and programs set for MSMEs as a whole, there shall be set and implemented other plans and programs varied and distinct from each other, according to the specific needs of each sector, encouraging MSMEs to graduate from one category to the next or even higher category.” (RA 9501 through Sec. 3 amended Sec. 3 of RA 6977, as amended by RA 8289)

**Interpretation:**
N/A

---

Companion Note for the MSME Country Indicators

**Puerto Rico**

**Agency:** U.S. Census Bureau.

**Legal definition:**

N/A

**Interpretation:**

Micro enterprise: 1-9 employees

Small enterprise: 10-49 employees

Medium enterprise: 50-249 employees.
Qatar

Agency: EU-GCC Chamber Forum, EUROCHAMBERS and Federation of Gulf Cooperation Council Chambers.

Legal definition: N/A

Interpretation: Small enterprise - <10 employees

---

**Russian Federation**

**Agency:** Federal legislature.

**Legal Definition:**

Условия отнесения к субъектам малого и среднего предпринимательства, установленные Федеральным законом от 24.07.2007г. №209-ФЗ «О развитии малого и среднего предпринимательства в Российской Федерации»

Нижеизложенные условия применяются к внесенным в единый государственный реестр юридических лиц потребительским кооперативам и коммерческим организациям (за исключением государственных и муниципальных унитарных предприятий), а также к физическим лицам, внесенным в единый государственный реестр индивидуальных предпринимателей и осуществляющим предпринимательскую деятельность без образования юридического лица, крестьянским (фермерским) хозяйствам.

Категория субъекта малого или среднего предпринимательства определяется в соответствии с наибольшим по значению условием и изменяется только в случае, если предельные значения выше или ниже предельных значений, в течение двух календарных лет, следующих один за другим.

<table>
<thead>
<tr>
<th>Средняя численность работников за предшествующий календарный год не должна превышать следующие предельные значения</th>
<th>Средняя численность работников за предшествующий календарный год не должна превышать следующие предельные значения</th>
</tr>
</thead>
<tbody>
<tr>
<td>Средние предприятия</td>
<td>От 101 до 250 человек</td>
</tr>
<tr>
<td>Малые предприятия</td>
<td>До 100 человек, из них</td>
</tr>
<tr>
<td>Микро предприятие</td>
<td>До 15 человек</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Структура уставного капитала (только для юридических лиц)</th>
</tr>
</thead>
<tbody>
<tr>
<td>суммарная доля участия</td>
</tr>
<tr>
<td>- Российской Федерации,</td>
</tr>
<tr>
<td>- субъектов Российской Федерации,</td>
</tr>
<tr>
<td>- муниципальных образований,</td>
</tr>
<tr>
<td>- иностранных юридических лиц, иностранных граждан,</td>
</tr>
<tr>
<td>- общественных и религиозных организаций (объединений),</td>
</tr>
<tr>
<td>- благотворительных и иных фондов в уставном (складочном) капитале (паевом фонде)</td>
</tr>
<tr>
<td>не должна превышать двадцать пять процентов (за исключением активов акционерных инвестиционных фондов и закрытых паевых инвестиционных фондов),</td>
</tr>
<tr>
<td>доля участия, принадлежащая одному или нескольким юридическим лицам, не являющимся субъектами малого и среднего предпринимательства, не должна превышать двадцать пять процентов4)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Предельные значения выручки от реализации товаров (работ, услуг) установлены постановлением Правительства Российской Федерации от 22.07.08 №556</th>
</tr>
</thead>
<tbody>
<tr>
<td>Средние предприятия</td>
</tr>
<tr>
<td>1000 млн. руб.</td>
</tr>
<tr>
<td>Малые предприятия</td>
</tr>
<tr>
<td>400 млн. руб.</td>
</tr>
<tr>
<td>Микро-предприятие</td>
</tr>
<tr>
<td>60 млн. руб.</td>
</tr>
</tbody>
</table>

4) Данное ограничение не распространяется на хозяйственные общества, деятельность которых заключается в практическом применении (внедрении) результатов интеллектуальной деятельности (программ для электронных вычислительных машин, баз данных, изобретений, полезных моделей, промышленных образцов, селекционных достижений, технологий интегральных микросхем, секретов производства (ноу-хау), исключительные права на которые принадлежат учредителям (участникам) таких хозяйственных обществ - бюджетным научным учреждениям или созданным государственными академиями наук научными учреждениями либо бюджетным образовательным учреждениям высшего профессионального образования или созданным государственными академиями наук образовательным учреждениям высшего профессионального образования |

| Средняя численность работников микропредприятия, малого предприятия или среднего предприятия за календарный год определяется с учетом всех его работников, в том числе работников, работающих по гражданско-правовым договорам или по совместительству с учетом реально отработанного времени, работников представителей, филиалов и других обособленных подразделений указанных микропредприятия, малого предприятия или среднего предприятия. |

| Выручка от реализации товаров (работ, услуг) за календарный год определяется в порядке, установленном Налоговым кодексом Российской Федерации. |

Interpretation:

<table>
<thead>
<tr>
<th>Size of the Enterprise</th>
<th>Number of persons employed</th>
<th>Annual turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>&lt;15</td>
<td>60 million RUB</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;100</td>
<td>400 million RUB</td>
</tr>
<tr>
<td>Medium</td>
<td>&lt;250</td>
<td>1000 million RUB</td>
</tr>
</tbody>
</table>

- Government, charity funds, foreign companies, civil society and religious organizations can not own more than 25 percent of shares few exceptions (e.g. companies engaged in implementation of intellectual work – software, inventions etc.).
Rwanda

Agency: Private Sector Federation - Rwanda.

Legal definition: N/A

Interpretation:

Micro enterprise: 1-10 employees
Small enterprise: 11-30 employees
Medium enterprise: 31-100 employees.  

\[88\]

**Saudi Arabia**

**Agency:** Saudi Arabian General Investment Authority.

**Legal Definition:**
N/A

**Interpretation:**
- Small enterprises < 60 employees
- Medium enterprises < 100 employees.\(^89\)

**Agency:** Small and Medium Enterprises Development Center at the Eastern Province Chamber of Commerce and Industry

**Legal Definition:**
N/A

**Interpretation:**
- Small enterprises < 20 employees
- Medium enterprises - 21-100 employees.\(^90\)

**Agency:** “Kafala” SME support program attached to the Saudi Industrial Development Fund

**Legal Definition:**
N/A

**Interpretation:**
“SMEs are companies with up to 20 million Saudi Riyals (5.3 million $) in exports or sales.”\(^91\)

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\(^{89}\) Steffen Hertog, “Benchmarking SME Policies in the GCC: a survey of challenges and opportunities,” a research report for the EU-GCC Chamber Forum project, p. 9.

\(^{90}\) Ibid.

\(^{91}\) Ibid.
Singapore

Agency: Singapore Department of Statistics.

Legal Definition:

N/A

Interpretation:

“2 Small and Medium Enterprises (SMEs) are defined as follows:

- In the manufacturing sector, SMEs are enterprises with net fixed assets investment less than $15 million.

- For non-manufacturing sectors\(^{92}\), SMEs are enterprises with employment size less than 200 workers.”\(^{93}\)

\(^{92}\) Comprise Services-Producing Industries, Construction, Utilities and Other Goods Industries (include Agriculture, Fishing and Quarrying).

South Africa

Agency: President’s Office/National Legislature.

Legal Definition:

PRESIDENT’S OFFICE

No. 1901. 27 November 1996

NO. 102 OF 1996: NATIONAL SMALL BUSINESS ACT, 1996

It is hereby notified that the President has assented to the following Act which is hereby published for general information:

ACT

To provide for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency; and to provide guidelines for organs of state in order to promote small business in the Republic; and to provide for matters incidental thereto.

(Afrikaans text signed by the President.)

(Assented to 12 November 1996.)

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:-

CHAPTER I

Definitions

....

(xv) "small business" means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy mentioned in column I of the Schedule and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule; (vii)

(xvi) "small business organisation" means any entity, whether or not incorporated or registered under any law, which consists mainly of persons carrying on small business concerns in any economic sector, or which has been established for the purpose of promoting the interests of or representing small business concerns, and includes any federation consisting wholly or partly of such association, and also any branch of such organisation; (viii)\(^\text{94}\)

NATIONAL SMALL BUSINESS AMENDMENT ACT

ACT

To amend the National Small Business Act, 1996, so as to repeal all provisions pertaining to Ntsika Enterprise Promotion Agency; to provide for the establishment of the Small Enterprise Development Agency; to make provision for the incorporation of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre and any other designated institution into the Agency to be established; to provide for the necessary transitional arrangements to this effect; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 1 of Act 102 of 1996, as amended by section 1 of Act 26 of 2003

(e) by the substitution for the definition of “small business” of the following definition:

“‘small [business] enterprise’ means a separate and distinct business entity, together with its branches or subsidiaries, if any, including co-operative enterprises [and non-governmental organisations], managed by one owner or more [which, including its branches or subsidiaries, if any, is] predominantly carried on in any sector or subsector of the economy mentioned in column 1 of the Schedule and [which can be] classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule [opposite the smallest relevant size or class as mentioned in column 2 of the Schedule];”;

(f) by the substitution for the definition of “small business organisation” of the following definition:

“‘small [business] enterprise organisation’ means any entity, whether or not incorporated or registered under any law, [which consists] consisting mainly of persons carrying on small [business] enterprise concerns in any economic sector[, or which has been] and established for the purpose of promoting the interests of or representing small [business] enterprise concerns, and includes any federation consisting wholly or partly of such association, and [also] any branch of such organisation;”.

---

## Schedule

(See definition of 'small business' in section 1)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector or subsector in accordance with the Standard Industrial Classification</td>
<td>Size of class</td>
<td>The total full-time equivalent of paid employees</td>
<td>Total turnover</td>
<td>Total gross asset value (fixed property excluded)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Medium</td>
<td>100</td>
<td>R3m</td>
<td>R5m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R3m</td>
<td>R3m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>R0.50m</td>
<td>R0.50m</td>
</tr>
<tr>
<td></td>
<td>Macro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>Medium</td>
<td>200</td>
<td>R39m</td>
<td>R25m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R10m</td>
<td>R6m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R4m</td>
<td>R2m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Medium</td>
<td>200</td>
<td>R51m</td>
<td>R19m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R13m</td>
<td>R5m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R5m</td>
<td>R2m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>Medium</td>
<td>200</td>
<td>R51m</td>
<td>R19m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R13m</td>
<td>R5m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R5.10m</td>
<td>R1.90m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Construction</td>
<td>Medium</td>
<td>200</td>
<td>R26m</td>
<td>R5m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R6m</td>
<td>R1m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R3m</td>
<td>R0.50m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Retail and Motor Trade and Repair Services</td>
<td>Medium</td>
<td>200</td>
<td>R39m</td>
<td>R6m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R19m</td>
<td>R3m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R4m</td>
<td>R0.60m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Wholesale Trade, Commercial Agents and Allied Services</td>
<td>Medium</td>
<td>200</td>
<td>R64m</td>
<td>R10m</td>
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<td></td>
<td>Small</td>
<td>50</td>
<td>R32m</td>
<td>R5m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R6m</td>
<td>R0.60m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
<tr>
<td>Catering, Accommodation and other Trade</td>
<td>Medium</td>
<td>200</td>
<td>R13m</td>
<td>R3m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R6m</td>
<td>R1m</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>20</td>
<td>R5.10m</td>
<td>R1.90m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
</tr>
</tbody>
</table>
### Companion Note for the MSME Country Indicators

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector or subsector in accordance with the Standard Industrial Classification</td>
<td>Size of class</td>
<td>The total full-time equivalent of paid employees</td>
<td>Total turnover</td>
<td>Total gross asset value (fixed property excluded)</td>
</tr>
<tr>
<td>Transport, Storage and Communications</td>
<td>Medium 200</td>
<td>R26m</td>
<td>R6m</td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>50</td>
<td>R13m</td>
<td>R3m</td>
<td></td>
</tr>
<tr>
<td>Very Small</td>
<td>20</td>
<td>R3m</td>
<td>R0.60m</td>
<td></td>
</tr>
<tr>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
<td></td>
</tr>
<tr>
<td>Finance and Business Services</td>
<td>Medium 200</td>
<td>R26m</td>
<td>R5m</td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>50</td>
<td>R13m</td>
<td>R3m</td>
<td></td>
</tr>
<tr>
<td>Very Small</td>
<td>20</td>
<td>R3m</td>
<td>R0.50m</td>
<td></td>
</tr>
<tr>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
<td></td>
</tr>
<tr>
<td>Community, Social and Personal Services</td>
<td>Medium 200</td>
<td>R13m</td>
<td>R6m</td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>50</td>
<td>R6m</td>
<td>R3m</td>
<td></td>
</tr>
<tr>
<td>Very Small</td>
<td>20</td>
<td>R1m</td>
<td>R0.60m</td>
<td></td>
</tr>
<tr>
<td>Micro</td>
<td>5</td>
<td>R0.20m</td>
<td>R0.10m</td>
<td></td>
</tr>
</tbody>
</table>


### Interpretation:

N/A
Sri Lanka

*Agency: Department of Census & Statistics.

*For 2003*

**Legal definition:**

N/A

**Interpretation:**

Small industry <10 employees

Medium and Large industry >10 employees

*For 2006 and 2007*

**Legal definition:**

N/A

**Interpretation:**

Small enterprise < 25 employees

---

**Agency:** Min. of Enterprise Dev’t, Industrial Policy & Investment Promotion.

**Legal definition:**

N/A

**Interpretation:**

**Working Definition of SME**

- Micro – less than Rs. 1M in assets
- Small – less than Rs. 20 M in assets and more than Rs. 1 M
- Medium – less than Rs. 50 M in assets and more than Rs. 20 M
- Large – more than Rs. 50 M in assets

Note: Assets does not include land and buildings

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Agency: Ministry of Enterprise Development and Investment Promotion.

Legal definition:

N/A

Interpretation:

“The definition of an SME under this programme is that the investment in fixed assets excluding land and building at original book value should not exceed Rs 35 million prior to granting of sub-loan and not exceed Rs 70 million on completion of project.”

---

Switzerland


Legal definition:
See the European Union definition.

Interpretation:
“Small and medium-sized enterprises

The European Commission suggested (in a recommendation published 2003/361/EC on the 6th of May 2003) to define small and medium-sized enterprises as follows:

The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million. (720)

---

Tajikistan

Legal definition:
N/A

Interpretation:
“A small and medium company is a privately owned legal entity which employs between 1 and 200 employees.”

**Tanzania**

**Agency:** National Legislature.

**Legal definition:** 2002 Tanzania Small and Medium Enterprise Development Policy.

**Interpretation:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Employees</th>
<th>Capital Investment in Machinery (TShs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro enterprise</td>
<td>1 - 4</td>
<td>Up to 5 million</td>
</tr>
<tr>
<td>Small enterprise</td>
<td>5 - 49</td>
<td>5 to 200 million</td>
</tr>
<tr>
<td>Medium enterprise</td>
<td>50 - 99</td>
<td>200 to 800 million</td>
</tr>
<tr>
<td>Large enterprise</td>
<td>100+</td>
<td>Above 800 million</td>
</tr>
</tbody>
</table>

Thailand

Agency: Ministry of Industry.

Legal Definition: N/A

Interpretation:
“On September 11th 2002, the Ministry of Industry introduced the definition of Thai small and medium-sized enterprise (SME). This definition is based on the number of salaried workers, and fixed capitals. An enterprise is categorised as an SME since it has employees less than 200 and fixed capital less than baht 200 million, excluding land and properties (3). SMEs in Thailand are classified in three sections: production, service, and trading (2).

Table 3. The definition of SME provided by the Ministry of Industry, Thailand. (http://www.sme.go.th)

<table>
<thead>
<tr>
<th>Type</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees</td>
<td>Capital (million baht)</td>
</tr>
<tr>
<td>Production</td>
<td>Not more than 50</td>
<td>Not more than 50</td>
</tr>
<tr>
<td>Service</td>
<td>Not more than 50</td>
<td>Not more than 50</td>
</tr>
<tr>
<td>Wholesale</td>
<td>Not more than 25</td>
<td>Not more than 50</td>
</tr>
<tr>
<td>Retail</td>
<td>Not more than 15</td>
<td>Not more than 50</td>
</tr>
</tbody>
</table>

In business practices, the definition of SMEs can be extended including number sharing holdings by parent companies, enterprise structures and independence. The principle criterion for SME is an enterprise’s independence. This characteristic indicates that not more than 25% of SME capital should be owned by one large or many large companies (1). At present, there are many multinational companies in the form of franchise companies and joint-venture between Thai and overseas companies. Some of these companies should not be classified as Thai SMEs.

In this study, Thai SME definitions are as follows:

1. Employee size is not more than 200.
2. Fixed capital is not more than 200 million baht.
3. Less than 25% owned by one or jointly several enterprise(s).
4. Less than 50% owned by foreigners.”

Trinidad and Tobago


Legal definition:

“4.2 DEFINITIONS

Following the recommendations of the 1998 Task Force, the following definitions are adopted:

1. Micro enterprise – employs 1 to 5 persons, with less than $250,000 in assets and less than $250,000 in sales;

2. Small enterprise – employs 6 to 25 persons, with assets valued between $250,000 and $1,500,000 and sales between $250,000 and $5,000,000;

3. Medium-sized enterprise – employs 26 to 50 employees, with assets exceeding $1,500,000 but not exceeding $5,000,000 and sales amounting to $5,000,000 but less than $10,000,000. “¹⁰²

Interpretation:

N/A

Tunisia


Legal Definition:


JORT n° 5 du 16 janvier 2009, page 136

Art. 2.

1- Est considérée petite et moyenne entreprise au sens de l'article 46 (bis) du code d'incitation aux investissements, toute entreprise réalisant ses investissements dans les activités des industries manufacturières et les activités de l'artisanat prévues par le décret n° 94-492 du 28 février 1994 susvisé et dans les activités des services prévues à l'annexe n° 1 du présent décret, sans que le montant de son investissement ne dépasse cinq millions de dinars fonds de roulement inclus.

2- Sont considérés des petites entreprises et petits métiers au sens de l'article 47 (nouveau) du code d'incitation aux investissements, les entreprises individuelles ou les sociétés de personnes ou les coopératives qui sont promues par des personnes de nationalité tunisienne justifiant de la qualification requise et s'engageant à assumer personnellement et à plein temps la responsabilité de la gestion de leur projet sans que le montant de leur investissement ne dépasse 100 mille dinars fonds de roulement inclus, et ce, dans les activités de l'artisanat prévues par le décret n° 94-492 du 28 février 1994 susvisé ainsi que dans les activités des métiers dont la liste est fixée par l'annexe n°2 du présent décret.”

Interpretation:

SME definition depends on the size of investment (including working capital) and type of activity.

---

Turkey

**Turkish Statistical Institute (TurkStat)** didn’t have a unified definition for MSME for 2002-2006. Thus, the following breakdown available from the TurkStat was applied:

- **Micro enterprise**: 1-20 employees
- **Small enterprise**: 20-49 employees
- **Medium enterprise**: 50-249 employees.

**Agency**: Ministry of Industry and Trade (National Legislature).

**Legal Definition**: SME definition has been recently unified and has been in force since 18 May 2006, in order to eliminate the differences between the SME definitions used by various institutions in Turkey.


**Interpretation**

“**Enterprise**: Any entity owned by one or more real or legal person(s) and engaged in an economic activity, irrespective of its legal form.

There are three types of enterprise according to their relationship with other enterprises in terms of holdings of capital or voting rights, concerning the aim of calculating staff numbers and financial amounts: autonomous enterprises; partner enterprises and linked enterprises

**SME**: Economic entities, which employ less than 250 persons and which have an annual turnover or an annual balance sheet not exceeding 25 Million YTL (15.15 Million Euro).”

| SME Definitions Used In the EU and New Definition for Turkey (All sector) |
|-------------------|-----------------|-----------------|-----------------|
| Criteria for definition | Micro enterprise | Small enterprise | Medium enterprise |
| Staff Headcount | <10 | <50 | <250 |
| Annual turnover | ≤ 2 Million Euro | ≤ 10 Million Euro | ≤ 50 Million Euro |
| Annual balance sheet | ≤2 Million Euro | ≤ 10 Million Euro | ≤ 43 Million Euro |
| Staff Headcount (1 € = 1.65 YTL) | <10 | <50 | <250 |
| Annual turnover (1 € = 1.65 YTL) | ≤ YTL 1 Million (600,000 Euro) | ≤ YTL 5 Million (3 Million Euro) | ≤ YTL 25 Million (15.15 Million Euro) |
| Annual balance sheet (1 € = 1.65 YTL) | ≤ YTL 1 Million (600,000 Euro) | ≤ YTL 5 Million (3 Million Euro) | ≤ YTL 25 Million (15.15 Million Euro) |


105 Ibid.
Uganda

Agency: Uganda revenue Authority and Uganda Investment Authority.

Legal definition:
N/A

Interpretation:
“Uganda defines and classifies SMEs into micro businesses with less than five employees and small business as having less than 100,000 pounds in turnover and capital, and the same applies to mid-sized businesses with less than 250 employees (Uganda revenue Authority; Uganda Investment Authority; Uganda’s Top 100 mid-sized companies survey, 2009)”

“One of the key challenges of MSEPU was develop a working definition of MSMEs. Accordingly, the following definition was adopted:

- **Micro** enterprises are defined as business undertakings employing less than 5 people, often family members; value of assets excluding land, buildings and working capital is below Ush2.5 million; annual turn over is below Ush10 million, which is the threshold for business related tax.

  Qualitative characteristics of micro enterprises are that they operate seasonally, usually they are not registered formally and hence have no access to formal services. They do not pay enterprise-related taxes and their management is rather weak in terms of both education and administrative capabilities.

- **Small** enterprises on the other hand were defined as enterprises employing a maximum 50 people; the value of assets excluding land, buildings and working capital is less than Ush 50 million; annual turn over is between Ush10 –50 million which is the tax bracket for 1% business tax on annual turn over.

  Other qualitative characteristics of such enterprises are that they operate the whole year round, are formally registered and taxed and owners/managers are educated and/or trained.”

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Ukraine

Legal Definition:

ГОСПОДАРСЬКИЙ КОДЕКС УКРАЇНИ

(Відомості Верховної Ради України (ВВР), 2003, N 18, N 19-20, N 21-22, ст. 144)

“Малими (незалежно від форми власності) визнаються підприємства, в яких середньооблікова чисельність працюючих за звітний (фінансовий) рік не перевищує п'ятдесят осіб, а обсяг валового доходу від реалізації продукції (робіт, послуг) за цей період не перевищує сімдесяти мільйонів гривень.

Великими підприємствами визнаються підприємства, в яких середньооблікова чисельність працюючих за звітний (фінансовий) рік перевищує двісті п'ятдесят осіб, а обсяг валового доходу від реалізації продукції (робіт, послуг) за рік перевищує суму сто мільйонів гривень.”

Interpretation:

Article 63 of the Commercial Code of Ukraine

Small enterprise: fewer than 50 employees and annual gross income is less than 70 million hryven (UAH) per fiscal year.

Large enterprise: fewer than 250 employees and annual gross income is less than 100 million hryven (UAH) per fiscal year.

United Arab Emirates


Legal Definition: “Press Release on the Definition of Micro, Small and Medium Enterprises (MSMEs) for Dubai

DUBAI ANNOUNCES FIRST OFFICIAL DEFINITION OF MICRO, SMALL AND MEDIUM ENTERPRISES

The SME Definition

An SME is defined as an entity engaged in an economic activity, with a legal form and meets the thresholds of employee headcount AND turnover as applicable to the industry group it belongs to (Trading / Manufacturing / Services) as specified:

- Within Trading:
  - A **micro** business is any enterprise with less than or equal to 9 employees AND a turnover of less than or equal to AED 9 million
  - A **small** business is any enterprise with less than or equal to 35 employees AND turnover of less than or equal to AED 50 million
  - A **medium** business is any enterprise with less than or equal to 75 employees AND turnover of less than or equal to AED 250 million
  - Any enterprise with greater than 75 employees OR turnover greater than 250 million will be considered ‘large’

- Within Manufacturing:
  - A **micro** business is any enterprise with less than or equal to 20 employees AND a turnover of less than or equal to AED 10 million
  - A **small** business is any enterprise with less than or equal to 100 employees AND turnover of less than or equal to AED 100 million
  - A **medium** business is any enterprise with less than or equal to 250 employees AND turnover of less than or equal to AED 250 million
  - Any enterprise with greater than 250 employees OR turnover greater than 250 million will be considered ‘large’

- Within Services:
Companion Note for the MSME Country Indicators

- A **micro** business is any enterprise with less than or equal to 20 employees AND a turnover of less than or equal to AED 3 million
- A **small** business is any enterprise with less than or equal to 100 employees AND turnover of less than or equal to AED 25 million
- A **medium** business is any enterprise with less than or equal to 250 employees AND turnover of less than or equal to AED 150 million
- Any enterprise with greater than 250 employees OR turnover greater than 150 million will be considered ‘**large’’

**Interpretation:**

N/A

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United Kingdom

*Agency 1: Eurostat.

Legal Definition: See section ‘the European Union.’

Interpretation: See section ‘the European Union.’


Legal Definition:
“Companies Act 2006 (c. 46)

Part 15 — Accounts and reports

Chapter 1 — Introduction

382 Companies qualifying as small: general

(1) A company qualifies as small in relation to its first financial year if the qualifying conditions are met in that year.

(2) A company qualifies as small in relation to a subsequent financial year—

   (a) if the qualifying conditions are met in that year and the preceding financial year;

   (b) if the qualifying conditions are met in that year and the company qualified as small in relation to the preceding financial year;

   (c) if the qualifying conditions were met in the preceding financial year and the company qualified as small in relation to that year.

(3) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements—

1. Turnover Not more than £5.6 million

2. Balance sheet total Not more than £2.8 million

3. Number of employees Not more than 50

(4) For a period that is a company’s financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(5) The balance sheet total means the aggregate of the amounts shown as assets in the company’s balance sheet.
(6) The number of employees means the average number of persons employed by the company in the year, determined as follows—

   (a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

   (b) add together the monthly totals, and

   (c) divide by the number of months in the financial year.

(7) This section is subject to section 383 (companies qualifying as small: parent companies).

383 Companies qualifying as small: parent companies

(1) A parent company qualifies as a small company in relation to a financial year only if the group headed by it qualifies as a small group.

(2) A group qualifies as small in relation to the parent company’s first financial year if the qualifying conditions are met in that year.

(3) A group qualifies as small in relation to a subsequent financial year of the parent company—

   (a) if the qualifying conditions are met in that year and the preceding financial year;

   (b) if the qualifying conditions are met in that year and the group qualified as small in relation to the preceding financial year;

   (c) if the qualifying conditions were met in the preceding financial year and the group qualified as small in relation to that year.

(4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—

1. Aggregate turnover Not more than £5.6 million net (or £6.72 million gross)

2. Aggregate balance sheet total Not more than £2.8 million net (or £3.36 million gross)

3. Aggregate number of employees Not more than 50

(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 382 for each member of the group.

(6) In relation to the aggregate figures for turnover and balance sheet total—“net” means after any set-offs and other adjustments made to eliminate group transactions—

   (a) in the case of Companies Act accounts, in accordance with regulations under section 404,

   (b) in the case of IAS accounts, in accordance with international accounting standards; and “gross” means without those set-offs and other adjustments.
A company may satisfy any relevant requirement on the basis of either the net or the gross figure.

(7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is—

(a) if its financial year ends with that of the parent company, that financial year, and

(b) if not, its financial year ending last before the end of the financial year of the parent company.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

384 Companies excluded from the small companies regime

(1) The small companies regime does not apply to a company that is, or was at any time within the financial year to which the accounts relate—

(a) a public company,

(b) a company that—

(i) is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company, or

(ii) carries on insurance market activity, or

(c) a member of an ineligible group.

(2) A group is ineligible if any of its members is—

(a) a public company,

(b) a body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA State,

(c) a person (other than a small company) who has permission under Part 4 of the Financial Services and Markets Act 2000 (c. 8) to carry on a regulated activity,

1. Aggregate turnover Not more than £5.6 million net (or £6.72 million gross)

2. Aggregate balance sheet total Not more than £2.8 million net (or £3.36 million gross)

3. Aggregate number of employees Not more than 50

(d) a small company that is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company, or

(e) a person who carries on insurance market activity.
Companion Note for the MSME Country Indicators

(3) A company is a small company for the purposes of subsection (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year to which the accounts relate.

Quoted and unquoted companies

385 Quoted and unquoted companies

(1) For the purposes of this Part a company is a quoted company in relation to a financial year if it is a quoted company immediately before the end of the accounting reference period by reference to which that financial year was determined.

(2) A “quoted company” means a company whose equity share capital—

(a) has been included in the official list in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000 (c. 8), or

(b) is officially listed in an EEA State, or

(c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq.

In paragraph (a) “the official list” has the meaning given by section 103(1) of the Financial Services and Markets Act 2000.

(3) An “unquoted company” means a company that is not a quoted company.

(4) The Secretary of State may by regulations amend or replace the provisions of subsections (1) to (2) so as to limit or extend the application of some or all of the provisions of this Part that are expressed to apply to quoted companies.

(5) Regulations under this section extending the application of any such provision of this Part are subject to affirmative resolution procedure.

(6) Any other regulations under this section are subject to negative resolution procedure.”

Interpretation:

Small companies general:

1. Turnover Not more than £5.6 million
2. Balance sheet total Not more than £2.8 million
3. Number of employees Not more than 50

Parent small company:

1. Aggregate turnover Not more than £5.6 million net (or £6.72 million gross)
2. Aggregate balance sheet total Not more than £2.8 million net (or £3.36 million gross)
3. Aggregate number of employees Not more than 50

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United States

*Agency: Small Business Administration.*

The Small Business Act of July 30, 1953 created Small business Administration, which shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government.\(^{111}\)

**Legal definition:**
"SMALL BUSINESS ACT (Public Law 85-536, as amended)

This compilation includes PL 110-246, approved 6/18/08:

§ 3  (a)  (1)  For the purposes of this Act, a small business concern, including but not limited to enterprises that are engaged in the business of production of food and fiber, ranching and raising of livestock, aquaculture, and all other farming and agricultural related industries, shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation: Provided, That notwithstanding any other provision of law, an agricultural enterprise shall be deemed to be a small business concern if it (including its affiliates) has annual receipts not in excess of $750,000.

(2)  ESTABLISHMENT OF SIZE STANDARDS.—

(A)  IN GENERAL.—In addition to the criteria specified in paragraph (1), the Administrator may specify detailed definitions or standards by which a business concern may be determined to be a small business concern for the purposes of this Act or any other Act.

(B)  ADDITIONAL CRITERIA.—The standards described in paragraph (1) may utilize number of employees, dollar volume of business, net worth, net income, a combination thereof, or other appropriate factors.

(C)  REQUIREMENTS.—Unless specifically authorized by statute, no Federal department or agency may prescribe a size standard for categorizing a business concern as a small business concern, unless such proposed size standard—

(i)  is proposed after an opportunity for public notice and comment;

(ii)  provides for determining—

(I)  the size of a manufacturing concern as measured by the manufacturing concern’s average employment based upon employment during each of the manufacturing concern’s pay periods for the preceding 12 months;

Companion Note for the MSME Country Indicators

(II) the size of a business concern providing services on the basis of the annual average gross receipts of the business concern over a period of not less than 3 years;

(III) the size of other business concerns on the basis of data over a period of not less than 3 years; or

(IV) other appropriate factors; and

(iii) is approved by the Administrator.

(3) When establishing or approving any size standard pursuant to paragraph (2), the Administrator shall ensure that the size standard varies from industry to industry to the extent necessary to reflect the differing characteristics of the various industries and consider other factors deemed to be relevant by the Administrator.  

Interpretation:

“Summary of Size Standards by Industry

To qualify as a small business concern for most SBA programs, small business size standards define the maximum size that a firm, including all of its affiliates, may be. A size standard is usually stated in number of employees or average annual receipts. SBA has established two widely used size standards—500 employees for most manufacturing and mining industries, and $7 million in average annual receipts for most nonmanufacturing industries. While there are many exceptions, these are the primary size standards by industry. (For more complete information on size standards, see SBA's Small Business Size Regulations [13 CFR §121] or the Table of Small Business Size Standards.

Construction

- General building and heavy construction contractors: $33.5 million
- Special trade construction contractors: $14 million
- Land subdivision: $7 million
- Dredging: $20 million

Manufacturing

- About 75 percent of the manufacturing industries: 500 employees
- A small number of industries: 1,500 employees
- The balance: either 750 or 1,000 employees

Mining

- All mining industries, except mining services: 500 employees

Retail Trade

- Most retail trade industries: $7 million

112 Ibid, p. 6.
A few (such as grocery stores, department stores, motor vehicle dealers and electrical appliance dealers), have higher size standards, but none above $35.5 million.

**Services**

Most common: $7 million

- Computer programming, data processing and systems design: $25 million
- Engineering and architectural services and a few other industries have different size standards.
- The highest annual-receipts size standard in any service industry: $35.5 million
- Research and development and environmental remediation services: the only service industries with size standards stated in number of employees

**Wholesale Trade**

- For small business Federal contracts: 100 employees, and the firm must deliver the product of a small domestic manufacturer, as set forth in SBA’s nonmanufacturer rule, unless waived by the SBA for a particular class of product. For procurements made under the Simplified Acquisition Procedures of the FAR and where the purchase does not exceed $25,000, the nonmanufacturer may deliver the goods of any domestic manufacturer.
- For loans and all other programs: 100 employees is applicable for all industries.

**Other Industries**

- Divisions include agriculture; transportation, communications, electric, gas, and sanitary services; and finance, insurance and real estate.
- Because of wide variation in the structure of industries in these divisions, there is no common pattern of size standards.
- For specific size standards as of January 1 of each year, refer to the size regulations in 13 CFR §121.201. SBA’s Table of Small Business Size Standards includes all changes and modifications made since January 1 of the most recent year.\(^{113}\)

Uruguay


Legal definition: Decreto 504/07 del 20 de diciembre de 2007.

Interpretation:

<table>
<thead>
<tr>
<th>Tipo de Empresa</th>
<th>Personal Empleado</th>
<th>Ventas Anuales excluido el IVA no deben superar el equivalente a:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Empresa</td>
<td>1 a 4 personas</td>
<td>2.000.000 de UI</td>
</tr>
<tr>
<td>Pequeña Empresa</td>
<td>5 a 19 personas</td>
<td>10.000.000 de UI</td>
</tr>
<tr>
<td>Mediana Empresa</td>
<td>20 a 99 personas</td>
<td>75.000.000 de UI</td>
</tr>
</tbody>
</table>

Uzbekistan


Legal definition:
N/A

Interpretation:
“There are three principal national laws which create legal framework for SME's activity. They are "On Private Enterprise", "On Entrepreneurship" and "On Guarantees and Freedoms for Entrepreneurial Activity". In accordance with Uzbek legislation SMEs have been defined as follows:

Individual Entrepreneurs

Micro Firms (0-10 employees)

Small Enterprises (10-40 employees)

Medium Enterprises (40-100 employees).”


Legal definition:
Закон Республики Узбекистан

О ГАРАНТИЯХ СВОБОДЫ ПРЕДПРИНИМАТЕЛЬСКОЙ ДЕЯТЕЛЬНОСТИ

(Ведомости Олий Мажлиса Республики Узбекистан, 2000 г., № 5-6, ст. 140; 2001 г., № 5, ст. 89; 2003 г., № 5, ст. 67; 2004 г., № 1-2, ст. 18; Собрание законодательства Республики Узбекистан, 2004 г., № 25, ст. 287; № 51, ст. 514; 2006 г., № 12-13, ст. 100; № 37-38, ст. 371; № 41, ст. 405; 2007 г., № 52, ст. 533; 2008 г., № 52, ст. 513; 2009 г., № 52, ст. 555)

“Субъектами малого предпринимательства являются:

- индивидуальные предприниматели;
- микрофирмы со среднегодовой численностью работников, занятых в производственных отраслях, — не более двадцати человек, в сфере услуг и других непроизводственной отраслях — не более десяти человек, в оптовой, розничной торговле и общественном питании — не более пяти человек;

малые предприятия со среднегодовой численностью работников, занятых в отраслях:

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Companion Note for the MSME Country Indicators

- легкой и пищевой промышленности, металлообработки и приборостроения, деревообрабатывающей, мебельной промышленности и промышленности строительных материалов — не более ста человек;

- машиностроения, металлургии, топливо-энергетической и химической промышленности, производства и переработки сельскохозяйственной продукции, строительства и прочей промышленно-производственной сферы — не более пятидесяти человек;

- науки, научного обслуживания, транспорта, связи, сферы услуг (кроме страховых компаний), торговли и общественного питания и другой непроизводственной сферы — не более двадцати пяти человек.

Interpretation:

The subject is considered a small enterprise in the following cases:

- individual entrepreneurs;
- micro companies with employment of no more than 20 employees in manufacturing; no more than 10 - in services and other non-manufacturing activities, no more than 5 - in wholesale, retail and public catering.

Small enterprises with yearly average number of persons employed :

- no more than 100 employees in light and food processing industries, metal and wood procession, equipment building, and production of construction materials.
- no more than 25 employees in science, transport, communications, services (excluding insurance), trade and public catering and other non-manufacturing activities.

Venezuela, Bolivarian Republic

**Agency:** National Legislature.

**Legal definition:**
"Decreto No. 6.215, con Rango, Valor y Fuerza de Ley para la Promoción y Desarrollo de la Pequeña y Mediana Industria y Demás Unidades de Producción Social.- (Véase No. 5.890 Extraordinario de la GACETA OFICIAL DE LA REPUBLICA BOLIVARIANA DE VENEZUELA, de esta misma fecha). (G. O. de la R. B. de V. No. 38.984 de fecha 31/07/2008).

Definiciones

**Artículo 5°. A los efectos del presente Decreto con Rango, Valor y Fuerza de Ley, se entiende por:**

1. Pequeña y Mediana Industria: Toda unidad organizada jurídicamente, con la finalidad de desarrollar un modelo económico productivo mediante actividades detransformación de materias prima en insumos, en bienes industriales elaborados o semielaborados, dirigidas a satisfacer las necesidades de la comunidad.

Se considerará Pequeña Industria aquellas que tengan una nómina promedio anual de hasta cincuenta (50) trabajadores y con una facturación anual de hasta cien mil Unidades Tributarias (100,000 U.T.) Se considerará Mediana Industria aquellas que tengan una nómina promedio anual de hasta cien (100) trabajadores y con una facturación anual de hasta doscientas cincuenta mil Unidades Tributarias (250,000 U.T.)

Tanto en la Pequeña como en la Mediana Industria ambos parámetros son concurrentes.\(^{116}\)

**Interpretation:**

<table>
<thead>
<tr>
<th>Size of the enterprise</th>
<th>Number of persons employed</th>
<th>Annual turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>1-50</td>
<td>100,000 tax units</td>
</tr>
<tr>
<td>Medium</td>
<td>51-100</td>
<td>250,000 tax units</td>
</tr>
</tbody>
</table>

Vietnam

Agency: Government.


Interpretation:
“According to Government Decree 90/2001/ND-CP, dated 23 November 2001, SMEs in Viet Nam are defined as the following:

**Article 3 : Definition of SMEs**

SMEs are independent production and business establishments, which make business registration according to the current law provisions, each with registered capital not exceeding VND 10 billion or annual labor not exceeding 300 people.

On the basis of the concrete socio-economic situation of each branch or locality, in the course of implementing the support measures and programs, both or either of the above-mentioned criteria on capital and labor may be applied in a flexible manner.

**Article 4 : Subjects of application**

This Decree shall apply to SMEs, including:

- Enterprises set up and operating under the Enterprise Law;
- Enterprises set up and operating under the State Enterprise Law;
- Cooperatives set up and operating under the Cooperative Law;

Virgin Islands (U.S.)
Agency: U.S. Census Bureau.

Legal Definition:
N/A

Interpretation:
Micro enterprise: 1-9 employees
Small enterprise: 10-19 employees
Medium enterprise: 20-49 employees. ¹¹₈

West Bank and Gaza

Agency: The Small Enterprise Center (SEC).

Legal definition: N/A

Interpretation:
- "Self Employed Entrepreneur: single person operation."
- Micro Enterprises employ 2-4 persons
- Small Enterprises employ 5-9 persons
- Medium Enterprises employ 10-25 persons”\textsuperscript{119}

\textsuperscript{119} “SMEs and BDSs in Palestine,” in Facts & Figures, Small Enterprise Center-Palestine, \url{http://www.sme-pal.ps/etemplate.php?id=35} (accessed on June 17, 2010).
Yemen, Republic

*Agency: Central Statistical Organization.

Legal Definition:
N/A

Interpretation:
Micro enterprise – 1-9 employee/s
Small enterprise – 10-99 employees
Medium enterprise – 100-499 employees.\(^{120}\)

*Agency: Social Fund for Development (MSME baseline survey).

Legal Definition:
N/A

Interpretation:
Micro enterprise – 1 employee
Small enterprise – 2-4 employees
Medium enterprise – 5-50 employees.\(^{121}\)

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