REDEFINITION OF SMEs

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Attached for your reference and guidance is the memorandum of the Export Assistance Network (EXPONET) dated April 28, 1995 transmitting a copy of the SMED Council Resolution No. 3 dated April 20, 1995 on "Redefinition of Micro, Cottage and Medium-Scale Enterprises."

Annex:

SMED Council Resolution No. 3

Redefinition of Micro, Cottage, and Medium-Scale Enterprises

WHEREAS, Republic Act 6977, otherwise known as the Magna Carta for Small and Medium Enterprises mandates the Small and Medium Enterprises Development (SMED) Council, to review and adjust the present definition as deemed necessary;

WHEREAS, on 14 February 1995, President Fidel V. Ramos directed the SMED Council "to take appropriate steps for a continuing review of the definition of SMEs and to make necessary adjustments so as to improve access to preferential financing and other government programs and thereby be more responsive to global competitiveness."

WHEREAS, the present definition of micro, cottage, small and medium scale enterprises, which is presently used for credit allocation purposes, is no longer relevant due to the increase in prices since 1992 when the definition was last revised;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved to redefine micro, cottage, small and medium-scale enterprises as follows:

"Small and medium enterprises" shall be defined as any business activity or enterprises 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 - P 150,000 and below
Cottage - above P 150,000 - P 1,500,000
Small - above P 1,500,000 - P 15,000,000
Medium - above P 15,000,000 - P 60,000,000

In a generic sense, all enterprises with total assets of fifteen million (P 15,000,000) and below shall be called small enterprises.

Approve, 20 April 1995.

(SGD.) MA. FINA C. YONZON
Head, SMED Council Secretariat

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