MSEs in Philippines

As per Republic Act No. 9501

Definition

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 : note more than P3,000,000
Small : P3,000,001 – P15,000,000
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.

SEC. 5. Guiding Principles.- To set the pace for MSME development, the State shall be guided by the following principles:

(a) Minimal set of rules and simplification of procedures and requirements. All government agencies having to do with small entrepreneurs shall pursue the principles of minimum regulation to ensure stability of rules and to encourage entrepreneurial spirit among the citizenry.

(b) Role of the private sector. In order to hasten growth and expansion of small and medium enterprises, the private sector throughout the country shall be encouraged to assist in the effective implementation
of this Act by participating in government programmes for small and medium enterprises strictly in accordance with the law, and consistent with the attainment of the purposes hereof.

(c) Coordination of government efforts. Government efforts shall be coordinated to achieve coherence in objectives. All appropriate offices, particularly those under the Departments of Trade and Industry, Finance, Budget and Management, Agriculture, Agrarian Reform, Environment and Natural Resources, Labour and Employment, Transportation and Communications, Public Works and Highways, Science and Technology, Interior and Local Government and Tourism as well as the National Economic and Development Authority, Philippine Information Agency and the Bangko Sentral ng Pilipinas, through their national, regional and provincial offices shall, to the best of their efforts and in coordination with local government units, provide the necessary support and assistance to MSMEs.

(d) Decentralization. The State shall accelerate the decentralization process by establishing regional and provincial offices in order to enhance and attain greater efficiency in the provision of services to the countryside and the implementation of this Act, in coordination with local government units.

Development

SEC. 6. Micro, Small and Medium Enterprises Development Plan (MSMEDP.- The President shall approve a six-year micro, small and medium enterprises development plan prepared by the Department of Trade and Industry (DTI) which shall form part of the Medium Term Philippine Development Plan (MTPDP). It shall be formulated in consultation with the private sector, validated and updated semestrally. Such plan shall include a component on a micro credit financing scheme.”

(RA 9501 inserted a new section numbered Sec. 6 after Sec. 5 of RA 6977, as amended by RA 8289)
SEC. 7. Micro, Small and Medium Enterprise Development (MSMED) Council.- The existing Small and Medium Enterprise Development Council, which was created by Republic Act No.6977, as amended by Republic Act No.8289, shall be strengthened to effectively spur the growth and development of MSMEs throughout the country, and to carry out the policy declared in this Act and shall now be known as the Micro, Small and Medium Enterprise Development (MSMED) Council. The Council shall be attached to the Department of Trade and Industry and shall be constituted within sixty (60) days after the approval of this Act.

SEC.11. Creation of Small Business Guarantee and Finance Corporation.- There is hereby created a body corporate to be known as the Small Business Guarantee and Finance Corporation, hereinafter referred to as the Small Business Corporation (SB Corporation), which shall be charged with the primary responsibility of implementing comprehensive policies and programmes to assist MSMEs in all areas, including but not limited to finance and information services, training and marketing.

SEC. 14. Venture Capital and Micro Finance Trust Fund.- The SB Corporation may set aside an amount of money to encourage the setting up a venture capital and micro finance trust fund for the purpose of promoting business opportunities available to MSME sector. The Venture Capital Fund shall be used mainly for venture capital finance especially in technology-oriented industries. The micro finance trust fund shall be used to provide collateral-free fixed and working capital loans to micro and small enterprises run by those emerging out of poverty.

SEC.15. Mandatory Allocation of Credit Resources to Micro, Small and Medium Enterprises.- For the period of ten (10) years from the date of the effectivity of this amendatory Act, all lending institutions as defined under Bangko Sentral ng Pilipinas rules, whether public or private, shall set aside at least eight percent for micro and small enterprises and at least two percent for medium enterprises of their total loan portfolio based on their
balance sheet as of the end of the previous quarter, and make it available for MSME credit.