

## The Small and Medium Enterprises Development Law

(The Pyidaungsu Hluttaw Law No. 23, 2015)

6th Waning of Tagu, 1376 M.E.

(9 April 2015)

The Pyidaungsu Hluttaw hereby enacts this Law.

### Chapter I

#### Name and Definition

1. This law shall be called **The Small and Medium Enterprises Development Law**.
2. The following expressions contained in this Law shall have the meanings given here under.
  - (a) **The Small Enterprise** means the following enterprises in which the value of the land is not included in the capital investment-
    - (1) The enterprise, if it mainly operates manufacturing business, in which number of employees shall not exceed than 50 as permanent or capital investment shall not exceed 500 million kyats;
    - (2) The enterprise, if it is labour intensive or mainly operates piecework business, in which number of employees shall not exceed 300 as permanent or capital investment shall not exceed 500 million kyats;
    - (3) The enterprise, if it mainly operates wholesale business, in which number of employees shall not exceed 30 as permanent or annual income of the previous year shall not exceed 100 million kyats;
    - (4) The enterprise, if it mainly operates retail business, in which number of employees shall not exceed 30 as permanent or annual income of the previous year shall not exceed 50 million kyats;
    - (5) The enterprise, if it mainly operates service business, in which number of employees shall not exceed 30 as permanent or annual income of the previous year shall not exceed 100 million kyats;
    - (6) The enterprise , if it is any other business other than in the above sub-sections (1), (2), (3) , (4) and (5), in which number of employees shall not exceed 30 as permanent or annual income of the previous year shall not exceed 50 million kyats;
  - (b) **The Medium Enterprise** means the following enterprises in which the value of the land is not included in the capital investment-

- (1) The enterprise, if it mainly operates manufacturing business, in which number of employees shall not exceed 300 as permanent or capital investment shall not exceed 500 million kyats to 1,000 million kyats;
  - (2) The enterprise, if it is labour intensive or mainly operates piecework business, in which number of employees shall not exceed 600 as permanent or capital investment shall not exceed 500 million to 1,000 million kyats;
  - (3) The enterprise, if it mainly operate wholesale business, in which number of employees shall not exceed 60 as permanent or annual income of the previous year shall not exceed 100 million to 300 million kyats;
  - (4) The enterprise, if it mainly operates retail business, in which number of employees shall not exceed 60 as permanent or annual income of the previous year shall not exceed 50 million to 100 million kyats;
  - (5) The enterprise, if mainly operates service business, in which number of employees shall not exceed 100 as permanent or annual income of the previous year shall not exceed 100 million kyats to 200 million kyats;
  - (6) The enterprise, if it is any other business other than in the above sub-sections (1), (2), (3) , (4) and (5), in which number of employees shall not exceed 60 as permanent or annual income of the previous year shall not exceed 50 million kyats to 100 million kyats;
- (c) **Entrepreneur** means the person or business which operate small enterprise or medium enterprise or both small and medium enterprise with full percent capital of citizen.
- (d) **Business Association** means a non-profit association, an association which cooperates with such non-profit association, sub-association and branch unit thereof which are established by entrepreneurs in accord with the existing laws.
- (e) **Central Committee** means the Central Committee of Small and Medium Enterprises Development.
- (f) **Working Committee** means the Working Committee of the Small and Medium Enterprises Development.
- (g) **Agency** means the small and medium enterprises development agency.
- (h) **Agency Branch Offices** mean the branch offices which are opened in the respective Regions or States and Self-administered Divisions or Self-administered Zones or Union Territory with the permission of the Central Committee and the Working Committee.

- (i) **One-Stop Service Team** means the team which is formed and assigned duty by the local administration body in the respective Regions or States, Self-administered Divisions or Self-administered Zones and Union Territory in order to provide service for registration and application of permits at one place for small and medium enterprises and to discharge duties contained in this Law.
- (j) **Fund** means small and medium enterprises development fund established under this law.
- (k) **Fund Management Body** means the body which manages the small and medium enterprises development fund.
- (l) **Responsible Ministry** means the Ministry assigned by the Union Government to take responsibility mainly in the implementing of small and medium enterprises development.
- (m) **Respective Ministries** means the Ministries related to the implementation of small and medium enterprises development.
- (n) **Bank** means the company licensed by the Central Bank to operate commercial banking or development banking in Myanmar. In this expression, foreign bank which have obtained license also includes.
- (o) **Entrepreneurship** means the innovation of marketable and more useful technology, products, manufacturing and services.
- (p) **Registration Permission** means the registration permission by the Agency for small and medium enterprises in accord with the stipulations in order to enjoy the rights contained in this Law.
- (q) **Loan Information Department** means the department established with the permission of the Central Bank of Myanmar to collect the related loan information or the other appropriate information to assess the worth of borrowing of the customers to the financial institutions, and to inform the collected information to the financial institutions.

## Chapter II

### Objective

3. The objectives of this law are as follows:

- (a) to enable to accept the information related to business, technical assistance and financial aids for the small and medium enterprises;
- (b) to reach local and international markets and enhance the competitiveness of small and medium enterprises;

- (c) to have new employment opportunities and increase income of the people through the development of small and medium enterprises;
- (d) to reduce the difficulties and obstacles in business operations of small and medium enterprises.

### **Chapter III**

#### **Basic Principles**

4. The basic principles of this law are as follows:

- (a) tendering necessary financial assistance, tendering legal advice and laying down the administrative policy in order to thrive small and medium enterprises and to reduce the difficulties of enterprise;
- (b) undertaking necessary measures for small and medium enterprises in order to compete not only in the local market but also in the foreign markets with the international standardized quality products and services to increase the capacity of competitiveness, and to obtain market;
- (c) encouraging small and medium enterprises for registration which are not yet registered in accord with the law;
- (d) supporting the availability of information, technology and financial investment to new establishing or existing small and medium enterprises;
- (e) ensuring small and medium enterprises to manage on the availability of resources with sustainable manner which has minimum impacts on natural and socio-economic environment;
- (f) encouraging the small and medium entrepreneurs to produce innovative products, to develop services, to increase production capacity, to use appropriate advanced technology and facilities in production and distribution;
- (g) encouraging the development of employment opportunities and human resources and managing the development of on-job trainings;
- (h) promoting the cooperation of Government, private and international organizations for the development of small and medium enterprises;

### **Chapter IV**

#### **Formation of Central Committee and Function and Duties thereof**

5. (a) The Union Government shall, to discharge functions and duties contained in this Law in order to enhance the development of small and medium enterprises, form the Central Committee of Small and Medium Enterprises as follows:

- |  |               |
|--|---------------|
| (1) The President of the Union   | Chairman      |
| (2) The Vice-Presidents  | Vice-Chairman |
| (3) The Union Ministers from Respective Ministries   | Members       |
| (4) The suitable representatives And economists, Intellectuals and intelligentsia from the business associations | Members       |
| (5) The Union Minister from responsible Ministry   | Secretary     |

(b) Joint-secretary shall be assigned duty from among the members formed under the sub-section (a).

(c) The president of the Union of Myanmar shall proclaim the formation of the Central Committee.

6. The functions and duties of the Central Committee are as follows-

- (a) laying down the policies and guiding in order to carry out the development of small and medium enterprises in accord with the basic principles contained in this law;
- (b) encouraging and promoting the development of small and medium enterprises which take part with highest ratio in the economic forces of the State;
- (c) giving guidance to communicate and coordinate with local and international organizations for obtaining the financial and technical assistance;
- (d) encouraging and promoting the development of the market of small and medium enterprise in order to reach rural area;
- (e) arranging the regular occurrence and development of assess to market for the local and foreign investment enterprises;
- (f) encouraging and promoting to train and nurture the necessary human resources for the development of small and medium enterprises;

- (g) giving guidance and support for the application of technology on energy production and effective and efficient use of energy, and technology on environmental conservation;
- (h) coordinating and giving guidance for the use of production technology on value added products and the use of machinery , and giving guidance and support for emerging innovative enterprises;
- (i) coordinating with the relevant government departments, organizations, local authorities and private entrepreneurs in order to provide and fill adequately the basic infrastructures and supplies of small and medium enterprises;
- (j) forming of the Working Committee and specifying duties and functions;
- (k) guiding to form Agency, Fund Management Board and the other necessary Boards and to assign duty thereupon.

## Chapter V

### Formation of the Working Committee and Functions and Duties thereof

7. (a) The Central Committee shall form the Working Committee as follows:

- |  |               |
|--|---------------|
| (1) a Vice-president   | Chairman      |
| (2) the Union Minister from the responsible ministry                                       | Vice-Chairman |
| (3) the Union Minister or Deputy Ministers from the respective Union Ministry              | Member        |
| (4) chief ministers of respective Region or State, and Chairman of the Nay Pyi Taw Council | Member        |
| (5) persons from the government departments and government organizations                   | Member        |
| (6) suitable persons, economists, intellectuals, intelligentsia from the associations      | Member        |

(b) The Central Committee shall designate and assign duty the secretary and Joint-Secretary from among the members of the committee formed under sub-section (a).

8. The function and duties of the Working Committee of Small and Medium Enterprises Development are as follows:

- (a) collecting, analyzing and submitting necessary information to the Central Committee in order to encourage and promote the small and medium enterprises;

- (b) assisting the small and medium enterprises in order to overcome the obstacles;
- (c) supporting to connect extensively with the local and foreign economic markets to enable to extend the market;
- (d) creating in order to fulfill the skilled-labour requirement and employment opportunities;
- (e) educating and promoting for technology requirements by accessing with the local and international organizations respectively;
- (f) connecting with the relevant government or private financial institution, investment organizations and banks in order to obtain local and foreign financial assistances;
- (g) supporting for the development of the operations of related banks and microfinance activities for the development of small and medium enterprises;
- (h) cooperating with local and international organizations relating to small and medium enterprises to receive and disseminate technology and economic advice;
- (i) coordinating with the technical research department of the government Ministries and non-government organizations;
- (j) formation the agency, fund management body and evaluation reporting body with the approval of the Central Committee and specifying its functions and duties;
- (k) submitting the operations reports and the other necessary reports to the Central Committee;
- (l) coordinating for attaining necessary budget allotment from Union Budget Fund for the development of small and medium enterprises;
- (m) undertaking the functions and duties relating to the development of small and medium enterprises assigned by the Central Committee from time to time;
- (n) arranging for the occurrence of connection between the manufacturing sectors and sale sectors in the regions respectively;

## Chapter VI

### Formation of the Evaluation and Reporting Body and Functions and Duties thereof

9. The Working Committee shall form the Evaluation Reporting Body with the suitable persons with the approval of the Central Committee. A member who is appointed by the Central Committee shall perform as the chairperson of the body.
10. The functions and duties of the Evaluation Reporting Body are as follows:

- (a) observing and evaluating the actual conditions, requirements and difficulties of small and medium enterprises;
- (b) evaluating the performance of the agency and agency branch offices;
- (c) evaluating work performance of service businesses, training schools, and financial institutions which support for the development of small and medium enterprises;
- (d) assessing and evaluating the impact of small and medium enterprises on natural and socio-economic environment;
- (e) evaluating in order to support by the State on the requirement of small and medium enterprises through the analysis of the development of regional countries and countries around the world;
- (f) evaluating the sector growth, contribution in Gross Domestic Product (GDP), exports and imports of small and medium enterprises;
- (g) assessing and evaluating on job creation of small and medium enterprises, minimum wage, investment and products according to type, of business , investment and employment;
- (h) submitting the evaluation report to the Central Committee through the Working Committee and proclaiming to the public from time to time.

## **Chapter VII**

### **Formation of Agency and Agency Branch Offices and Functions and Duties thereof**

- 11. The Working Committee shall form the agency comprising of the heads from concerned government departments, government organizations, and the suitable representatives and experts from the associations with the approval of the Central Committee.
- 12. The person who is appointed with the approval of the Central Committee shall perform as the chairman of the agency. The chairman of the agency shall be deemed as Deputy Minister level.
- 13. The Director General from the responsible ministry shall perform as the secretary of the agency.
- 14. The functions and Duties of the agency are as follows:
  - (a) implementing the small and medium enterprises development policy;
  - (b) submitting the annual progress report on enhancing the development of the small and medium enterprises to the Central Committee through the Working Committee;
  - (c) supporting to lessen the difficulties and needs faced according to the business nature of the small and medium enterprises;



- (d) coordinating for the establishment of regional agency branch offices and one-stop service team in order to provide the necessary services to the small and medium enterprises;
  - (e) undertaking legal education activities related to the small and medium enterprises;
  - (f) tendering necessary advice, organizing workshops and providing trainings required for the development of the small and medium enterprises;
  - (g) coordinating with the relevant government departments and government organizations for the establishment of the small and medium enterprises;
  - (h) providing non-financial services in cooperation with the relevant ministry, organizations, companies and banks for enhancing the availability of financial support to the small and medium enterprises;
  - (i) facilitating to establish the economic networks by cooperating between the small and medium enterprises and the local and foreign enterprises;
  - (j) urging the competition of the small and medium enterprises each other to promote the creation and extension of market, and organizing goods and technology exhibitions;
  - (k) advising and settling the disputes of small and medium enterprises, and assisting to settle the disputes by means of arbitration;
  - (l) supporting for the establishment of legal consultancy organizations and consultancy service for business set-up related to the small and medium enterprises;
  - (m) collecting the data and statistics related to the small and medium enterprise, checking in phases, recording and using as necessary;
  - (n) arranging to allow the registration of small and medium enterprises in accord with the stipulations and specifying the term of registration;
  - (o) communicating with the international financial institutions, international development agencies, business associations and local and international non-government organizations for the development of the small and medium enterprises;
  - (p) cooperating closely with the financial institutions for the development of the small and medium enterprises and implementation of development means, and obtaining advices;
  - (q) keeping the status of the small and medium enterprises until next three years after changing and emerging from type of small and medium enterprise;
15. The agency branch offices which implement the functions and duties of the agency according to regions shall take responsibility to the operations of one-stop service teams in the relevant areas.

## Chapter VIII

### The Role of Business Associations

16. The business associations shall closely work with the Central Committee and the other related organizations in order to comply with and implement the basic principles of this law.
17. The business associations shall cooperate each other for the growth and development of the small and medium enterprises and the development of their business standard.

## Chapter IX

### Duties and Rights of Entrepreneur

18. The duties and rights of entrepreneur are as follows:
  - (a) registration of small and medium enterprises in accord with the stipulations to enable to enjoy the rights contained in this law;
  - (b) changing freely of management mode and advanced technology in order to respond on the changes of economic or social environment and to develop enterprises;
  - (c) informing by the entrepreneur when the capital investment, number of labour and annual income of the previous year are inclusive as small and medium enterprise are inconsistent with any of the specifications, re-registering within the permitted period and returning the registration certificate;
  - (d) keeping statistics and records of own business in accord with the stipulations and receiving inspection according to the necessity;
  - (e) having the right to submit the grievances to the agency through the agency branch office;
  - (f) having the right to connect with government and non-government technical research departments, and local and foreign organizations through the agency for energy production and effective and efficient use of energy, environmental conservation, the production of value-added products and the use of machinery;
  - (g) having the right to attend in local and foreign training courses, workshops, lectures, exhibitions and competitions with the arrangement of the agency;
  - (h) having the right to apply for obtaining financial assistance and other services from the government ministries, government organizations and private organizations through the agency;

- (i) having the right to apply for enabling to obtain loans according to the business plan for the development of small and medium enterprises;
- (j) having the right to participate in the local and foreign business networks with the arrangement of agency;

## Chapter X

### Formation of the Fund Management Body and Function and Duties thereof

19. The Working Committee shall, with the approval of the Central Committee, form Fund Management Body with the suitable persons in accord with the stipulations. A member of the body who is designated by the Central Committee shall perform as the chairperson.
20. The functions and duties of the Fund Management Body are as follows-
- (a) calculating and submitting to the Working Committee for estimating in annual budget allotment in order to provide loan services with low interest for the purpose of the development of small and medium enterprises;
  - (b) proposing a financial support to be able to use for the supporting activities of small and medium enterprises development to the Central Committee through the Working Committee;
  - (c) establishing the small and medium enterprises development fund with the assistance fund of the State, grant from local and international financial institutions, donation from the donors and the service fees received from the own services;
  - (d) coordinating for the cooperation between the local and foreign organizations desirous to make investment and the registered small and medium enterprises in accord with the existing laws;
  - (e) arranging and recognizing for the direct access to finance of registered small and medium enterprises through the small and medium enterprise development banks and concerned banks after receiving a special loan with low interest specified by the State, non-interest loan from internal and external banks, financial institutions and investment organizations, loan with low interest, any loan for the development of small and medium enterprises;
  - (f) using the fund for the matters of the development of the small and medium enterprises;
  - (g) establishing the Financial Information Unit to support for obtaining the normal loan, low interest loan, non-interest loan and grant aids not repayable to the small and medium enterprises;

- (h) coordinating with the credit guarantee companies and corporations allowed by the Ministry of Finance in order to protect the losses in borrowing money to small and medium enterprises;
21. The Fund Management Body shall carry out in consultation with the Ministry of Finance and the Central Bank of Myanmar under the supervision of the Working Committee for the effective implementation of the financial matters.

## **Chapter XI**

### **One-stop Service System**

22. The respective Ministries shall conferred powers to the officials to function, who have capacity to undertake one-stop service system by giving authority to work jointly in the one-stop service team for the development of small and medium enterprises.
23. The officials who are implementing the one-stop service system shall cooperate with the agency branch offices.

## **Chapter XII**

### **Collecting and Keeping the Information and Dissemination**

24. The agency shall, with respective departments and organizations to carry out the collecting information, keeping records and using of such information as may be necessary related to the small and medium enterprise, coordinate and cooperate the followings;
- (a) providing information on market, technology and investment through the network systems and disseminating through the media;
- (b) coordinating for the establishment of local and international market advisory centers;
- (e) coordinating with the relevant departments to develop ecommerce system for the local and foreign buyers and sellers;

## **Chapter XIII**

### **Human Resources Development and Providing Technology**

25. The agency shall, with the relevant departments and organizations to enhance the production capacity and competitiveness of the small and medium enterprises coordinate the followings:
- (a) seeking and transferring appropriate technologies;

- (b) providing advice on production technology and trainings which enable to the utilization of modern machineries;
- (c) encouraging and cooperating for the establishment of the laboratories that will test the quality of the products;
- (d) exchanging technology between the local and foreign departments, organizations and private organizations;
- (e) arranging the deserved reward according to the business capacity in order to promote the innovation;
- (f) providing new technologies achieved from the research results in order to produce from pilot stage to commercial production;
- (g) undertaking the capacity building programme for the small and medium entrepreneurs and supporting in the human resource development activity;

#### **Chapter XIV**

##### **Finding Market and Connection**

26. The agency shall, with the relevant departments and organizations for market promotion of the small and medium enterprises, coordinate and cooperate the following:
- (a) encouraging the export priority business actions;
  - (b) causing the awareness and familiar of the entrepreneurs on principles and practices of the international markets;
  - (c) supporting for market penetration and acquisition of market shares;
  - (d) enabling to reveal the standardization which can connect to the international market, and arranging for easy and smooth trade;
  - (e) causing the awareness and familiar of the entrepreneurs on customs and trade producers, and to receive appropriate relaxation;

#### **Chapter XV**

##### **Coordination on Taxation**

27. The agency shall, for the development of small and medium enterprises and acquisition of competitiveness ability in accord with the guidance of the Working Committee, advice to the relevant departments and organizations to undertake tax exemption and reliefs regarding the followings matters;

- (a) manufacturing of advanced new products through research;
- (b) operating small and medium enterprises which include in the list of priority in the less economic developed areas;
- (c) undertaking the manufacturing of products by using by-products and wastes;
- (d) undertaking the factory modification for energy production, effective and efficient use of energy, reutilization;
- (e) undertaking the rehabilitation of the small and medium enterprises due to devastation of natural disaster.

## Chapter XVI

### Supporting Entrepreneurship and Business Start-up

28. The agency shall, with relevant departments and organizations in order to make more investment in the small and medium enterprises by entrepreneurs who undertake entrepreneurship in accord with the guidance of the Working Committee, coordinate and cooperate the following:
- (a) giving tax relief;
  - (b) leasing the land to establish factory or the place for business with reasonable rate;
  - (c) establishing the business consultancy services, and advising and resolving the difficulties;
  - (d) assisting the establishment of joint-venture business.

## Chapter XVII

### Registration

29. The agency shall-
- (a) allow the small and medium enterprises to register if they are able to present the relevant license, permit or registration certificate;
  - (b) allow to register, if the small and medium enterprises are not required to have license, permit or registered certificate when consistent with the following:
    - (1) not affecting the health of public who are residing in the surrounding;
    - (2) being minimum impact on the natural and socio-economic environment and providing conservation work complied with specification;
    - (3) being safety of fire;

- (4) not affecting the safety of work site and health;
30. The small and medium enterprises may make registration, withdraw business license and apply for necessary recommendations at the relevant one-stop service centre.
31. The agency shall revoke the registration when one of the following matters occurs:
- (a) returning of registration certificate by entrepreneur;
  - (b) termination of business under the existing laws;
  - (c) exceeding of limited three year period on changing business status which beyond the definition of small and medium enterprises;

## **Chapter XVIII**

### **Miscellaneous**

32. The Central Committee shall in accord with this Law, succeed and discharge the functions and duties of the Central Committee of Small and Medium Enterprises Development which was formed before enacting this law.
33. The Working Committee shall, in accord with this law, succeed and discharge the functions and duties of the Working Committee of the Small and Medium Enterprises Development which was formed before enacting this law.
34. In order to undertake the provisions contained in this law, the responsible Ministry shall take responsible for the office works of the Central Committee, the Working Committee, the Agency, Fund Management Body, Evaluation and Reporting Body, Agency Branch offices and One-Stop Service Centre and shall bear the expenditures.
35. The responsible Ministry shall, with the approval of the Union Government, specify the recompense and allowance of the members of the Central Committee, the Working Committee, the Agency, the Fund Management Body and the Evaluation Reporting Body who are not government officials.
36. The team of service of the Union level personnel contained in this law are normally the same as the term of the President.
37. In implementing the provisions contained in this law:
- (a) The responsible Ministry may issue the necessary rules, regulations and by-laws with the approval of the Union Government;

(b) The Central Committee, the Working Committee, and the responsible Ministry may issue the necessary notifications, orders, directives and procedures.

(c) The Agency may issue the necessary orders and directives with the approval of the Working Committee.

I hereby sign under the Constitution of the Republic of the Union of Myanmar.

(Sd.) Thein Sein  
President of the Union  
Republic of the Union of Myanmar

Myanmar Law Information System (MLIS)