

IMPORTANT CIRCULAR FOR MICRO, SMALL & MEDIUM SCALE ENTERPRISES

Attn.: Owners / Organizational Heads / Persons handling Legal / Govt. related matters

As per a circular received from the Ministry of Micro, Small and Medium Enterprises, Office of the Development Commissioner, New Delhi, the units who had not filed the EM within the stipulated period (31.03.07) can still file same with the of District Industries Centre in respective District.

It is recommended that all units falling under the definitions of Micro, Small and Medium Enterprises, should file EM forms at the earliest.

You may seek explanations, if any, from Mr. Parag Kulkarni by sending an e-mail on paragk@mcciapune.com.

New Definitions as per MSMED Act 2006

Sr.	Type of Enterprise	Investment in Plant & Machinery / Equipments (in Rupees)	
		Manufacturing	Service
1	Micro Enterprise	Up to 25 Lakhs	Up to 10 Lakhs
2	Small Enterprise	From 25 Lakhs to 5 Crores	From 10 Lakhs to 2 Crores
3	Medium Enterprise	From 5 Crores to 10 Crores	From 2 Crores to 5 Crores

Note : List of items that are excluded while calculating the investment in Plant & Machinery is mentioned below.

Guidelines :

1. Entrepreneurs Memorandum is in two parts i.e. Part-I and Part-II and is to be filed with the respective District Industries Centre.
2. Any person who intends to establish Micro, Small & Medium enterprise engaged either in manufacturing of products or providing or rendering of services shall file Part-I. Once Enterprise starts the production or starts providing or rendering services then they shall file Part-II of the Entrepreneur Memorandum. Validity of Entrepreneur's Memorandum (Part-I) is for two years. No Renewal shall be granted.
3. Existing enterprise shall file Part-II of Entrepreneurs Memorandum.
4. The units which are presently registered under SSI or Medium Category are required to file Entrepreneurs Memorandum in case of following changes –
 - a) Change of Status from Small Scale to Micro Scale due to revisions in definitions in Investment Limits.
 - b) Change of Status from Medium Scale to Small Scale due to revisions in definitions in Investment Limits even if the unit has previously filed an I.E.M.

- c) Any Change in other contents like Name of the Unit, Address/ Location, Addition / Deletion / Change of Activity, Nature of Operations, Nature of Constitution (Proprietary / HUF / Partnership / Co-operative / Private Limited Company / Public Limited Company / Self Help Group / Others) etc.
5. In case of change in investment in Plant & Machinery or in equipments, the enterprises, which have already filed Entrepreneurs Memorandum, shall inform the District Industries Centre about the same in writing within three month of the change in investments. Failure to do so is contravention of law and is punishable as specified in section 27 of MSMED Act.
6. The **code numbers** mentioned in the Entrepreneurs Memorandum viz. NIC Code, ASICC Code, Codes for Tehsil / Taluka / District and State will be filled by the officials of District Industries Centre.
7. In case of change of products & that of services or addition in product or services, the enterprises which have already filed Entrepreneurs Memorandum should inform the District Industries Centre about the same in writing within three months of the change. Failure to do so is contravention of law and is punishable as specified in section 27 of MSMED Act.

Address of the District Industries Centre (for Pune District) :

District Industries Centre,
Agriculture College Campus,
Shivajinagar, Pune 411005.

Exclusions of Items allowed While Calculating Investment In Plant & Machinery :

In exercise of the powers conferred by sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), the Central Government hereby specifies the following items, the cost of which shall be excluded while calculating the investment in plant and machinery in the case of the enterprises mentioned in section 7(1)(a) of the said Act.

1. Equipment such as tools, jigs, dies, moulds and spare parts for maintenance and the cost of consumable stores;
2. Installation of plant and machinery;
3. Research and development equipment and pollution control equipment;
4. Power generation set and extra transformer installed by the enterprise as per the regulations of the State Electricity Board;
5. Bank charges and service charges paid to the National Small Industries Corporation or the State Small Industries Corporation;
6. Procurement or installation of cables, wiring, bus bars, electrical control panels (not mounted on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;

7. Gas producer plants;
8. Transportation charges (excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of their manufacture to the site of the enterprise;
9. Charges paid for technical know-how for erection of plant and machinery;
10. Such storage tanks which store raw materials and finished products only and are not linked with the manufacturing process; and
11. Fire fighting equipment.

While calculating the investment in plant and machinery referred to in paragraph 1, the original price thereof, irrespective of whether the plant and machinery are new or second hand, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely :

- (i) Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- (ii) Shipping charges;
- (iii) Customs clearance charges; and
- (iv) Sales tax or value added tax.
