

No. 16(1)/2016-MSME Pol.(pt-IV)
Government of India
Office of Development Commissioner (MSME)
Policy & Governance Division

Nirman Bhavan, New Delhi
Dated : 31st July, 2019

OFFICE MEMORANDUM


Subject: Clarification on investment in 'Equipments' under the category of 'Service enterprises'

Reference is invited to this office circular no. 4(1)/2006 – Policy (MSME) dated 27.10.2006 in which the definition of equipment is mentioned as "Equipment is defined as all instruments, office machines and such other electromechanical or electronic appliances that are directly related to the services rendered..."

2. Certain complaints have been received that some large service enterprises (transporters etc) do not record correct level of investment in equipments while registering online in the Udyog Aadhar Memorandum (UAM) portal created by Ministry of MSME. This might be taking place with a view to availing the benefits of mandatory procurement by the Central Government Departments and Agencies and the CPSEs under the Public Procurement Policy for the MSEs. The matter has been examined in consultation with The Institute of Chartered Accountants of India and The Institute of Cost Accountants of India. It is, hereby, further clarified that cost of all vehicles/equipments that are directly held or used in the supply of goods or services or for carrying passengers are to be considered as included in the term "Equipment" and included accordingly to calculate the investment made by the MSMEs and the enterprise will be categorized accordingly.

3. It is also clarified that cost of all plant & machinery/equipments acquired by the Partners in the case of a Partnership Firm that are directly held for use in the production or supply of goods or services as well as cost of all vehicles used in the supply of goods or services or for carrying passengers will be considered as investment in plant & machinery or equipment under the category of manufacturing or service enterprises, respectively.

This issues with the approval of competent authority.


(PIYUSH AGARWAL)
Dy Director (Policy)

To

1. The Secretary (Industries/MSMEs) of all States/UTs
2. Director, MSME-DIs for circulation to the MSME Association etc

Copy to :

1. Joint Secretary (SME) , Ministry of MSME, Udyog Bhavan, New Delhi
2. ADC (MA) with the request to circulate all CPSEs for their information
3. Director (SENET) with the request to upload on the website