



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2020-2021/26

FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21

August 21, 2020

The Chairman/ Managing Director/Chief Executive Officer
All Commercial Banks
(including Small Finance Banks, Local Area Banks and Regional Rural Banks)
All Primary (Urban) Co-operative Banks/State Co-operative Banks
/ District Central Co-operative Banks
All-India Financial Institutions
All Non-Banking Financial Companies

Dear Sir / Madam,

New Definition of Micro, Small and Medium Enterprises – clarifications

Please refer to the circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020 on 'Credit flow to Micro, Small and Medium Enterprises Sector'.

2. In view of the representations from IBA and banks regarding applicability of certain aspects contained in the Gazette notification No. S.O. 2119(E) dated June 26, 2020 on new criteria for classifying the enterprises as micro, small and medium enterprises, the Ministry of MSME, vide their Office Memorandum (OM) No.2/ 1(5)/ 2019 – P & G/ Policy (pt. IV) dated August 6, 2020 and letter F.No.5/ 2(2)/2020- P & G/ Policy dated August 13, 2020 has, inter alia, clarified the following:

2.1 Classification of Enterprises as per new definition

(i) Classification / re-classification of MSMEs is the statutory responsibility of the GoI, Ministry of MSME, as per the provisions of the MSMED Act, 2006.

(ii) As per para 2 of the said Gazette notification all enterprises are required to register online and obtain 'Udyam Registration Certificate'. All lenders may, therefore, obtain 'Udyam Registration Certificate' from the entrepreneurs.

2.2 Validity of EM Part II and UAMs issued till June 30, 2020

(i) The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till March 31, 2021. Further, all enterprises registered till June 30, 2020, shall file new registration in the Udyam Registration Portal well before March 31, 2021.

(ii) 'Udyam Registration Certificate' issued on self-declaration basis for enterprises exempted from filing GSTR and / or ITR returns will be valid for the time being, upto March 31, 2021.

2.3 Value of Plant and Machinery or Equipment

The online form for Udyam Registration captures depreciated cost as on 31st March each year of the relevant previous year. Therefore, the value of Plant and Machinery or Equipment for all purposes of the Notification No. S.O. 2119(E) dated June 26, 2020 and for all the enterprises shall mean the Written Down Value (WDV) as at the end of the Financial Year as defined in the Income Tax Act and not cost of acquisition or original price, which was applicable in the context of the earlier classification criteria.

3. In view of the above, instructions contained in circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017 on 'Investment in plant and machinery for the purpose of classification as Micro, Small and Medium Enterprises – documents to be relied upon' are superseded.

4. Further, other instructions contained in circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020 remains the same.

Yours faithfully

(Sonali Sen Gupta)
Chief General Manager