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No: 2(18)/2007-MSME-POLICY
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
OFFICE OF THE DEVELOPMENT COMMISSIONER
MICRO, SMALL AND MEDIUM ENTERPRISES
NIRMAN BHAVAN
NEW DLEHI-110108

URGENT/OUT TODAY/BY HAND/SPEED POST

14 December 2007

OFFICE MEMORANDUM

Subject: Implementation of provisions of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 (Chapter V – Delayed Payment to Micro and Small Enterprises) Section 22 relating to “Requirement to specify unpaid amount with interest in the annual statement of accounts”– Ministry of Corporate Affairs Notification No: G.S.R 719(E) dated 16 November 2007.

In accordance with the provisions of the MSMED Act, 2006, Ministry of Corporate Affairs have vide Notification No: G.S.R.719 (E) dated 16 November 2007 notified amendment in Schedule VI of the Companies Act, 1956, which specifies the format of balance sheet and profit and loss account of companies, to incorporate the provisions of MSMED Act, 2006, under Section 22 of the said Act, which requires disclosure of the principal and interest due thereon {on delayed payments due to micro and small enterprises- (MSEs)} separately in the annual statement of accounts. The notification issued by Ministry of Corporate Affairs clubbed with the Instructions notified by the Central Board of Director Taxes (CBDT) vide their Circular No. 12/2006 dated 14 December 2006 circulated to all concerned vide this OM of even number dated 24 August 2004 and placed on website (www.dcmsme.gov.in) would enable in ascertaining the correct amount of disallowance on account of interest payment or paid by the buyer, and implementation of Section 23 of said Act which lays down that the amount of interest payable or paid by any buyer under or in accordance with the provisions of MSMED Act, 2006 shall not be allowed as deduction in the computation of income.

2. A copy of the said notification is enclosed herewith with the request that the same be brought to the notice of all concerned including Public Undertakings /

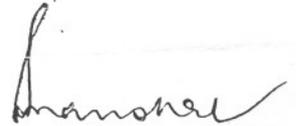
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institutions under the control of the Ministry/Department at Central/State/UT, Micro and Small Enterprises Facilitation Councils (MSEFCs) in the State/UT, etc. and given a wide publicity so as to enable the enforcement of these instruction in letter and spirit. The OM along with the notification is also placed on website (www.dcmsme.gov.in)

3. This may please be treated as URGENT.

Encl: as above.



(Sanjeev Kaushal)
Joint Secretary & ADC
Tel: 23062694 Fax: 23061972

- (1) The Secretary, Government of India (All Ministries/Departments)
- (2) The Secretary, Department of Public Enterprises, New Delhi, with the request that the contents of this circular/instructions be brought to the knowledge of Head of all Central Public Sector Undertakings (CPSUs) for their information and compliance.
- (3) The Secretary Industries/Directorate of Industries (All Sates/UTs)
- (4) Director, MSME-Development Institutes (SISIs)/Incharge, Branch MSME-Development Institutes.
- (5) The President, All Micro, Small and Medium Enterprise (MSME) Associations with the request that the contents of this circular/instructions be brought to the knowledge of all their members.
- (6) The Chairman & Managing Director, NSIC, New Dellhi
- (7) The Chairman & Managing Director, Small Industries Development Bank of India (SIDBI), Lucknow
- (8) All Officers up to the level of Deputy Secretary in the Ministry of Micro, Small and Medium Enterprises, Udyog Bhavan, New Delhi.
- (9) All Officers up to the level of Directors and All Sections in the Office of the Development Commissioner, Micro, Small and Medium Enterprises, Nirman Bhavan, New Delhi.
- (10) Chairman and Managing Directors, Commercial Banks and Financial Institutions including State Financial Corporations
- (11) Deputy Director (SENET) to place the contents on web-site forthwith.
- (12) All others as per mailing list.