

Q. The MSMB sector is considered the backbone of India's economy, yet its growth remains constrained due to multiple challenges. Discuss the major bottlenecks faced by MSMBs in India and critically evaluate the recent budgetary provisions aimed at addressing the issue. 35M.

Ans. The role of MSMB in Indian economy can be defined in terms of Value Addition, Employment Creation and Critical Spoke of manufacturing sector in India. As per Union budget 2025, MSME sector contribution to Indian economy stands at around 30.1%.

MSMB as backbone of Indian economy

MSMB sector role in Indian economy can be summarised as:-

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36% Share in manufacturing	45% Share in exports.	backbone of large industry
2nd largest employment creator	30% share in employment.	

- Serves as critical facilitator for large industries like defence and heavy engineering sector.
- work as Spoke model for manufacturing hubs

Challenges facing the MSME sector

(17) Raw Materials

More than 70% of MSME depends on other sectors for raw materials which gives a sign of unpredictability and poor bargaining power.



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(B) CREDIT LINKAGES

- deprived of formal loans
- high interest rate payments.
- Short term liquidity issues.

RBI Report, 2022 states MSME face formal credit ~~and~~ constraints to the tune of 90%.

(C) REGULATORY CHALLENGES

- Bureaucratic red-tapism.
- REGULATORY CHOKESTRAL
- disorganised processes.

(d) LEVEL PLAYING FIELD

- fear of from large corporate houses.
- regional variation between states.
for example states like Maharashtra are
better than states like Bihar.

Recent budgetary proposals

Union Budget 2025 has been declared as
gamechanger for MSME sector, considered
2nd growth engine

(A) Revised definition of MSMEs.

2.5 times increase in the threshold limits.
positives - will ensure economy of scale of
MSME

- help benefits in terms of subsidies,
tax breaks and other supports.

Challenges - L6V6L PLANNING faced between

(B) Corp MSME.

- bureaucratic red-tapism.

(B) CREDIT GUARANTEE SCHEME (CGS)

- IS dept was support
- MSME Credit Card Schemes meet
short term liquidity challenges.

⊙ RRB

Challenges : Issues of NIPA

RRB report flagged high chances of NIPA in MSME.

⊙ REGULATORY BRISING

UDYAM portal to be rejuvenated.

to ensure seamless and frictionless

Registration and other regulatory needs.

Challenges : fear of red-tapism.

Suggestions

Despite, the good intention, the MSME sector faces challenges which can be addressed in following ways:-

(a) Technology led innovation of MSME.

↳ linkage with digital economy.

b) Regular Raw Material supply by both domestic and international supplier at an affordable and accessible value.

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उम्मीदवा
इस हाशि
नहीं लिख
चाहिए
Candid:
must not
write on
margin

(c) Incentive to big players in terms of
buying products of MSME.
like GEM portal for govt. related
purchases.

Thus, we can say that MSME
Sector, being the backbone of Indian
economy needs to be INCLUSIVE, STABLE,
SUSTAINABLE and PRODUCER CENTRIC
reforms..

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8. The Indian state follows the principle of 'principled distance' from religion, unlike the absolute separation seen in some western democracies. Analyze how this model influences public policy decisions such as minority rights, religious freedom and state intervention in religious institutions. 26M.

Indian Secularism can be defined as the practice, propagation and promotion of various religious faiths within the larger constitutional boundary. Article 25-28 deals with various facts of secularism in India.

Indian Secularism

Religion = core philosophy of religion + social aspects of religion
 ↓
 Unchecked by law

↓
regulated by law if violates constitutional morality.

Principled distance approach

Indian state

- regulates the social aspect of religion if it
violates constitutional ideals.

Example abolition of untouchability, triple
talaq etc were against constitutional goals of
equality, freedom and justice

- regulates and checks for both INTER-RELIGIOUS
DOMINATION and INTRA-RELIGIOUS
DOMINATION.

- allows for state supported religious reforms
to achieve constitutional goals.

- allows personal laws as well as secular law
on various matters of life.

Western dangerous

WATG - TIGHT SEPARATION

Both state and religion barely regulate each
other.



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- Religion is considered an individual choice.

MUTUAL EXCLUSION

The state is only concerned about INTER-RELIGIOUS

EQUALITY.

there is no room for any aid, support to religious groups.

- no scope of social reform sponsored by state.

Effect of principled distance approach on
minority rights

- prevent inter-religious and intra-religious domination

- prevent organised religion

- protects against TYRANNY OF THE MAJORITY

- protects minority rights; both individual as well as community based rights.

- regulates against practices detrimental to health, public order and morality

Example - Right to worship

Right to manage religious institutions like

Madarsas, colleges etc

However technical qualifications etc are managed
by state.

Religious Freedom

allows for CRITICAL RESPECT OF RELIGION

abolish fanatical, violent and dogmatic
practices

- allows both individual and community based
rights.

Example Ban on religious practices like child
marriage, triple talaq and untouchability.

- allows personal laws.

State intervention in religious institutions

- based on sophisticated policy of engagement and
disengagement.

- regulates regarding labour issues, educational
standards, health, morality and other
Constitutional ideals.

- based on principles of equality, liberty, and justice of individual as well as institutions.

example Madrasas & thang religious institutions are regulated by state by various secular public.

Thus, we can say, Indian secularism follows a dynamic approach and ensures a sophisticated policy of state intervention. The state interventions are guided by principles of equality, justice, good health, public order and not constitutional morality.