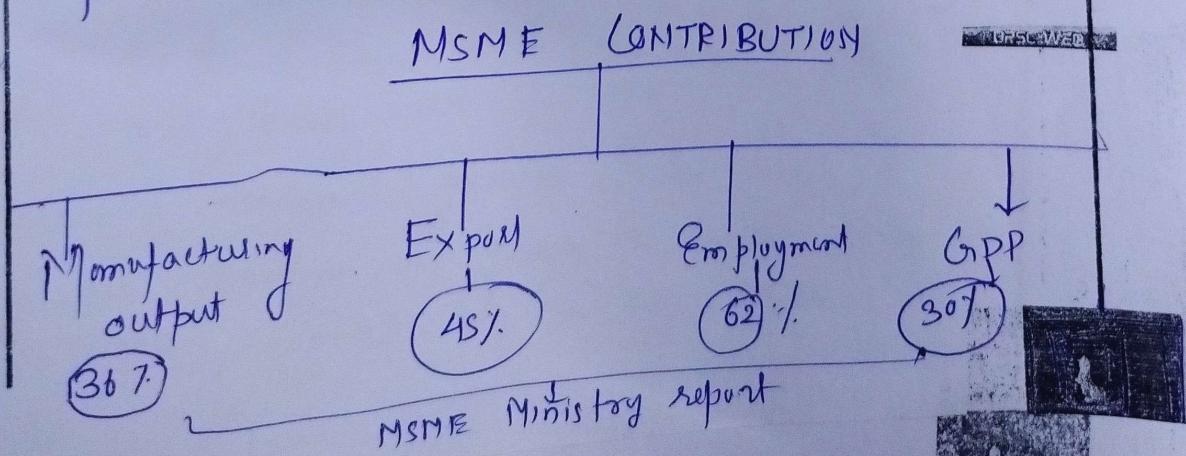


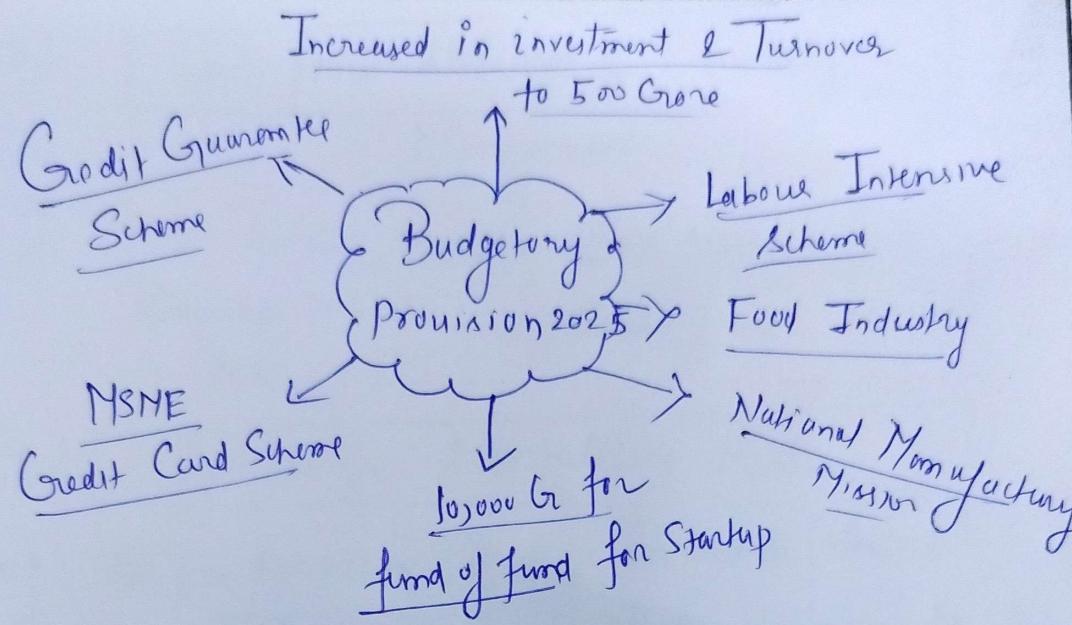
Q1

The MSME Sector is Considered backbone of India's economy. Yet its growth remains constrained due to multiple challenges. Discuss major bottlenecks faced by MSME in India and Critically evaluate recent budgetary provision aimed at addressing these issues.

Ans. " "

MSME Comprises of Micro, small and Medium enterprises are Considered as "second engine growth" of economy. It is backbone of Indian economy having untapped potential to make our economy to 5 Trillion





MAJOR BOTTLENECK FACED BY MSME IN INDIA

1) Lack of Availability of Bank Loan

- AIMA report 2023 says 45% MSME closed due to shortage of loan from bank

2) Less Transformation of MSME into Big Corporate

e.g.: As per Robinson and Duran book "Why Nation fails"
mention economic growth slows down
when incentive not given to smaller MSME
to convert into big MSME



3)

Cash flow shortage & Liquidity Management

eg

As per Indian Small = 30% NSME face
Business report . Cash flow Shortage
2023

4)

Startup Mortality Rate

eg:

As per NASSCOM = 90% startup failed
2023 in initial year due to
fund shortage

5)

OTHER FACTORS

eg ① Regulatory cholesterol, Bureaucratic delay
create problem in getting fund

② Lack of fund in seed stage + growth stage

eg: Agri Startup, Renewable

RECENT

BUDGET PROVISION :-

Recently Government has laid 2025-26
with theme of "Sabka Vikas". It contains
various engine growth provision for MSME
It contains futuristic provision with
some challenges.

1) [Increased in Investment & Turnover]

Provision : ① Simplify UDYAM Registration
② 500 Gauri Credit guarantee fund
③ Incentive for AI Automation.

Challenges : ① Bottleneck delay in getting
loan from formal sector.
② Large Corporate should be kept
out of MSME Benefit

2) [Credit Guarantee Scheme]

Provision : (i) 1.5 Lakh Credit facilities

Challenge : ① Non Performing Asset Problem -
eg 15% as per RBI report
② less Market Penetration in Global

3) [MSME Credit Card Scheme]

Provision : ① 5 Lakh Credit to
registered MSME on Udyam.



i) High default rate of Grant Loan

challenge: ii) Liquidity Management

e.g. iii) Short Term Credit Access

e.g.: As per Indian Small Business

30% MSME face cash shortages

4) ₹ 10,000 Crore for fund of fund for startup

Provision: ① Fund of fund through 2 Type

↓ ↓
Venture Capitalist Private equity
Both spend fund on Startup

challenge: ① Weaker domestic Market of
Venture Capital + Private equity

② Startup Mortality rate is high
as per Nasscom

5) Labour Intensive Sector

Provision: ① ₹ 1 Lakh Crore export
Target of footwear + Leather

② National Toy Industry Scheme

e.g.: David = Economic growth book

Weil Labour intensive is directly
proportional to poverty reduction

— PILLAR KNOWN AS A BACKWATER —



- Challenge : ① Raw Material Cost
② Export Restriction
③ required design innovation

6) [Food Processing Industry]

- Provision : ① Promotion of Farmer Produce
organisation sell produce directly in market
② More Agro Based Startup

- Challenges : ① Post harvest Loss, Cold
storage problem, food Safety

7) [National Manufacturing Mission]

- Provision : ① Empower clean Tech industries
eg: EV Batteries, Solar Pv cell, Wind Turbine

- Challenge : ① raw material, supply chain
eg: Cobalt, Lithium

Budget 2025 entails
various vital provision that boost MSMIE
sector contribution. A more inclusive approach

help to solve challenges given in book.
"Small is Beautiful" of E.F. Schumacher economist

ii Small corporate are more inclusive compared
to bigger

ECONOMY BACKWARD STATE



Q2

Indian State follows "principle of
"principled distance" from religion. unlike
absolute separation seen in some western democracies

Analyse how this model influence public
policy decision such as minority rights
religious freedom and state intervention
in religious institution

Ans India has adopted a "Positive
Secularism" which is dynamic in Nature
State act as "Watch dog" and regulate
or intervene in religious matter as
per situation

Engagement of State is of
two type

Positive
promotive Nature
eg: Hajj Tirth

Negative
restrictive Nature
eg: Sabarmata



COMPARISON OF INDIAN AND

WESTERN

SECULARISM

Indian Secularism

Western Secularism

i) Nature: Dynamic

• Static

ii) Separation: "Principle
distance"

• Complete distance
between State & Religion

iii) Engagement: positive
and Negative both

• ~~only~~ No engagement

iv) Prevention: State
prevent from both intra
and inter religion
dominance

• prevent only
from inter religion
dominance

v) Society: Multicultural

• Less diversity

Influence of Model of Indian Secularism :-



224-2
234-2

9)

[MINORITY RIGHTS]

10)

[Constitutional protection]

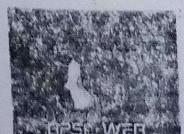
- Art 29: protect cultural and educational rights of Minorities by state
- Art 30: establish religious and linguistic minorities educational institution
- Art 350B: establish Special officer for Linguistic Minorities

11)

[Other provision]

- Fayl Ali Commission: recommend formation of State on language and Culture eg: Andhra, Rajasthan, Haryana
- Ministry of Minority Affairs

Constitution recognise only linguistic and religious rights.



b)

Religious freedom

i)

Constitutional provision

- Art (25-28) : • State allow people
people to practice, profess, propagate
- State allow to manage their
religious affair

ii)

JUDICIAL INTERVENTION

- Sabrimally : i) allow entry of Women
ii) affirm equality over religious custom.
- Shayara : i) prioritize Constitutional
Bano morality over religious practice
ii) promoted right to equality & dignity
- Preamble : added "Secular" word.
• State have no own religion.
• Treat all religion equally



15)

State Intervention

Dynamic Secularism

- State has two option

Engagement

+ve

eg: Hajj, Tirth

-ve

eg: Subimala

Principle distanc⁹

↓

maintain

Continued respect
for religion

11)

No Water Tight Separation

- State can engage in religion matter
eg: Waqf Bill, UCC :)

Challenger → Critics argue Indian
secularism is imported

→ Minority appeasement

→ Party politics Secularism

Process of secularisation

B.P.S.C.WEB



Way forward → Need to revamp education system
→ promote public reasoning
↓ to uphold democratic secularism
Religious Nationalism has to be abandoned

Indian Secularism is
Living example how Multi-religious
Society can peacefully coexist. Despite
being challenges, It is dynamic in Nature
and inclusive approach can foster
positive Concept of secularism of Country