Indian Economy · GS - III

Faster economic growth requires increased share of the manufacturing sector in GDP, particularly of MSMEs. Comment on the present policies of the Government in this regard.

EXAM YEAR	PAPER	SUBJECT
2023	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

BECOME IAS
AI POWERED UPSC PREP

Answer Hint

Manufacturing-led growth can generate employment, exports and productivity gains, while MSMEs provide decentralised production and entrepreneurship; policies must therefore address credit, technology, infrastructure, formalisation and market access.

Model Answer

Introduction

Manufacturing has strong linkages with employment, exports and productivity. MSMEs are particularly important because they contribute significantly to employment, entrepreneurship and regional industrialisation.

Body

Government Policies

Make in India: Promotes domestic manufacturing and investment across sectors.

Production Linked Incentive (PLI): Encourages investment and scale in strategic manufacturing sectors.

MSME classification reforms: Revised investment and turnover criteria have brought more enterprises within the formal MSME framework.

Credit support: Schemes such as MUDRA, Credit Guarantee mechanisms and emergency credit facilities improve access to finance.

Raising and Accelerating MSME Performance (RAMP): Supports competitiveness, market access and institutional capacity.

Public procurement: Government procurement preferences provide MSMEs with assured market opportunities.

Assessment

Despite these initiatives, MSMEs continue to face expensive credit, delayed payments, technological gaps, inadequate infrastructure, limited global-market access and skill shortages. Manufacturing's GDP share also remains below the long-standing policy aspiration.

Way Forward

Improving logistics, technology adoption, cluster infrastructure, timely payments, export facilitation, skilling and affordable long-term credit can strengthen MSME competitiveness.

Conclusion

Government policy has increasingly shifted towards **manufacturing competitiveness and MSME formalisation**, but sustained implementation and removal of structural bottlenecks are essential for manufacturing-led, employment-intensive growth.

BECOME IAS
AI POWERED UPSC PREP