

The Micro Small Medium Enterprise sector holds the key to an Indian economic recovery. Substantiate.

The MSME in India forms a share of 6.11% of Manufacturing GDP and 24.63% of Service sector GDP. It employs 11.1 crore jobs thereby contributing greatly to economic recovery during the pandemic in India.

To boost employment:

1. During pandemic, there is a drop of 30% job workforce as per EPFO - 2020 report.
2. As MSME holds 11 crore jobs, third after agriculture and construction, it is primary key for economic recovery.
3. (e.g) Atmanirbhar Bharat - To pay Employment PF for 2 years to employees newly recruited during pandemic.

To boost Manufacturing base:

1. During pandemic, the manufacturing sector contracted to below 5% as per Commerce Ministry.
2. Supply chain logistics - a important component in manufacture - where MSME has 85% involvement by RBI - 2019 Report.



3. (2.9) Credit Guarantee Scheme for MSME — Co-lateral free credit upto ₹ 2 crore is a key to recovery.

To promote domestic consumption:

1. During pandemic Inflation came below Inflation targeting and India was technically at recession — Report by RBI
2. Thus 30% domestic consumption from MSME by PSU and Credit Linked Capital Subsidy Scheme for Technology upgradation is a key for economic recovery.

To promote Exports:

1. Indian Exports contracted by 80% and its manufacturing export contracted to less than 5% from 11.7%.
2. MSME forms 40% export in India's export basket
3. MUDRA scheme loan upto 10 lakh is a key to boost export by startups, business etc.

Concerns and Challenges:

1. Awareness spread about MSME Sambadhaan for delayed payment portal to boost MSME
2. To boost capital MSME Sambadhaan - procurement portal has to be enlarged in post-pandemic
3. ASPIRE for innovation & startups needs government handholding post-pandemic