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Q71

Consider the following statements with reference to India: 1. According to the 'Micro Small and Medium enterprises Development (MSMED) Act, 2006, the 'medium enterprises' are those with investments in plant and machinery between Rs. 15 crore and Rs. 25 crore. 2. All bank loans to the Micro, Small and Medium Enterprises qualify under the Priority sector. Which of the statements given above is/are correct? (a) 1 Only (b) 2 Only (c) Both 1 and 2 (d) Neither 1 nor 2 Official key: B.

UPSC Civil Services Prelims 2023 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation

(a)

1 only. The 15-25 crore band is not the MSMED Act, 2006 definition of medium enterprises.

(b) Official key

2 only. Bank loans to MSMEs sit under priority-sector lending. Statement 1 uses the wrong investment band.

(c)

Both. Statement 1 fails the 2006 (and later notified) thresholds.

(d)

Neither. **PSL** treatment of MSME credit is standard RBI policy.

Summary

Official key is (b) 2 only. All bank loans to MSMEs count toward the priority sector (within RBI's **PSL** rules). The **MSMED Act** / later composite criteria do not define 'medium' as plant-and-machinery between ₹15 crore and ₹25 crore - that band is the false limb.

Related possible facts

These can be asked in a future Prelims paper.

PSL

Priority Sector Lending; MSME is a mandated slice.

MSME composite criteria

Investment plus turnover; notified 2020, revised since.

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