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1 Non-Banking Finance Company (NBFC) (Source: The Hindu)

An NBFC is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by the Government or local authority, or other marketable securities.

Regulation

- Regulated by the RBI within the framework of the RBI Act, of 1934.
- The repayment of deposits by NBFCs is not guaranteed by the Reserve Bank of India.

Activities Allowed

- NBFCs are allowed to accept/renew public deposits for a minimum period of 12 months and a maximum period of 60 months.

Activities not allowed

- NBFC cannot accept demand deposits.
- NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on themselves.
- The deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs.

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2 MSME Sector in India (Source: The Hindu)

MSME SECTOR IN INDIA

Small Enterprises, Big Opportunities

Micro, Small and Medium Enterprises (MSMEs) are the backbone of the Indian economy, driving inclusive growth, innovation, employment and balanced regional development.

DEFINITION

Enterprises engaged in the manufacture or production of goods or providing services, with investment and turnover below specified limits, as per the MSME Development Act, 2006 (revised classification w.e.f. 1 July 2020).

CLASSIFICATION (As per 2020 revision)

Category	Investment Limit (in plant & machinery/ equipment)	Turnover Limit
Micro	≤ ₹1 crore	≤ ₹5 crore
Small	≤ ₹10 crore	≤ ₹50 crore
Medium	≤ ₹50 crore	≤ ₹250 crore

SIGNIFICANCE

- Major source of employment
- Contributes significantly to GDP
- Promotes inclusive and balanced regional development
- Supports Make in India and Atmanirbhar Bharat
- Enhances exports and foreign exchange earnings
- Encourages entrepreneurship and innovation
- Acts as a feeder sector for large industries

KEY FACTS (Latest available)

- **6.3 crore+** MSMEs in India
- **~25 crore** employment opportunities
- **~30%** contribution to India's GDP
- **~45%** share in India's exports
- **~36%** share in India's manufacturing output

MAJOR SUB-SECTORS

- Manufacturing
- Services
- Trade
- Agro and food processing
- Handicrafts and handlooms
- Textiles and garments
- Engineering and auto components
- IT and IT-enabled services

GOVERNMENT INITIATIVES

- **Udyam Registration** – Simplified, online and paperless registration
- **PM Vishwakarma** – Support to traditional artisans and craftspeople
- **Credit Guarantee Fund Trust for MSMEs (CGTMSE)** – Collateral-free loans
- **Emergency Credit Linked Guarantee Scheme (ECLGS)** – Additional credit support
- **Credit Support and Interest Subvention Scheme (CSISS)** – Interest subsidy for stressed MSMEs
- **MSME CHAMPIONS Portal** – Grievance redressal and handholding
- **Raising and Accelerating MSME Performance (RAMP)** – Improving access to finance, markets and technology

OPPORTUNITIES

- Growing domestic and global demand
- Integration into global value chains
- Opportunities in green and digital economy
- Expansion in e-commerce and online markets
- Development of clusters and industrial corridors
- Support for women and youth entrepreneurship

CHALLENGES

- Limited access to affordable finance
- Technological backwardness
- Inadequate market access
- Regulatory and compliance burdens
- Competition from large enterprises and imports
- Skill gaps and low productivity
- Vulnerability to economic shocks and global uncertainties

WAY FORWARD

- Enhance access to institutional credit
- Strengthen technology adoption and digitalisation
- Simplify regulatory processes
- Promote cluster development and infrastructure support
- Improve skill development and entrepreneurship training
- Facilitate market linkages and export promotion
- Focus on sustainable and green MSMEs
- Build resilient and globally competitive MSMEs

Empowered MSMEs for a Viksit Bharat

LOCAL ENTERPRISES | STRONGER ECONOMY | BRIGHTER INDIA

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3 BRICS: New Delhi Declaration 2026 (Source: The Hindu)