Indian Economy · GS - III

The sustainability of India's economic growth depends significantly on the strength of its agricultural and small-enterprise sectors. Examine the structural constraints affecting employment generation and productivity in these sectors. Suggest measures to make growth more inclusive and employment-intensive.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 19/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

MSME ecosystem, agricultural productivity, disguised unemployment, job creation, credit constraints, skill development, technological modernisation, market access, infrastructure, formalisation, labour-intensive manufacturing, inclusive growth.

Model Answer

Introduction

Agriculture and Micro, Small and Medium Enterprises (MSMEs) form important foundations of India's economy. Their productivity and employment potential significantly influence inclusive growth and livelihood security.

Structural Constraints

1. **Agricultural challenges:** Small landholdings, fragmented markets, dependence on monsoons and inadequate storage infrastructure affect farm productivity and incomes.

2. **Credit constraints:** MSMEs often face difficulties accessing affordable institutional finance due to limited collateral and inadequate credit histories.
3. **Technological gaps:** Low technology adoption and limited research investment reduce productivity and competitiveness.
4. **Employment concerns:** Disguised unemployment in agriculture and insufficient labour-intensive industrial opportunities restrict quality job creation.
5. **Market access:** Small enterprises face challenges in accessing domestic supply chains, exports and organised procurement.
6. **Skill mismatch:** Limited vocational training and changing industrial requirements create gaps between available skills and market demand.

Measures Required

- Strengthen agricultural value chains, food processing and farmer-producer organisations.
- Improve affordable credit through credit guarantees and digital lending infrastructure.
- Promote technology adoption, innovation and cluster-based industrial development.
- Expand vocational education and industry-linked skill development.
- Improve logistics, market access and timely payments to small enterprises.
- Encourage labour-intensive manufacturing and rural entrepreneurship.

Conclusion

India's economic resilience requires productive agriculture and competitive MSMEs. Coordinated reforms in finance, technology, skills and market infrastructure can convert these sectors into stronger engines of employment-led and inclusive growth.

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