



**CBSE : Grade 10**  
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## **SECTORS OF THE INDIAN ECONOMY**

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### **SECTORS OF ECONOMIC ACTIVITIES -**

- Activities which generates some income are known as economic activities.

#### **Division of Economic Activities:**

- ❖ Primary sectors→ directly exploiting natural resources→ Agriculture and related sector
- ❖ Secondary sectors→natural products are changed into other forms through ways of manufacturing→also called Industrial Sector→ e.g. using cotton fibre from the plant, we spin yarn and weave cloth
- ❖ Tertiary sector→provide support to other two sectors→ Transport, storage, communication, banking

### **COMPARISON OF THREE SECTORS OF THE ECONOMY -**

- Not every good (or service) that is produced and sold needs to be counted
- It makes sense only to include the final goods and services
- Intermediate goods are used up in producing final goods and services

#### **Gross Domestic Product (GDP) :**

- ❖ The value of final goods and services produced in all three sectors during a particular year provides the total production of the sector for that year→ is called the **Gross Domestic Product (GDP) of a country**.
- ❖ More the GDP→ bigger the economy of the country is.

#### **Historical Changes in sectors :**

- Initial stages of development-→ Primary sector was the most important of economic activity in a country.
- With the innovation in farming methods → Agriculture sector began to produce much more food than before-→ resulted in the increase of craft-persons and traders→buying and selling activities increased many times
- Over a long time and because of new methods of manufacturing→factories came up and started expanding→ People started working in industries→ some people also get involved in transportation.
- In the past 100 years→ a further shift from secondary to tertiary sector in developed countries→ The service sector has become the most important sector in terms of total production and started employing more people.

### **PRIMARY, SECONDARY AND TERTIARY SECTORS IN INDIA -**

- 1973-74→ the primary sector contributed maximum to the GDP
- But in 2013-14→ tertiary sector has contributed maximum to the GDP.

#### **Rising Importance of the Tertiary Sector in Production :**

*Why is the tertiary sector becoming so important in India?*

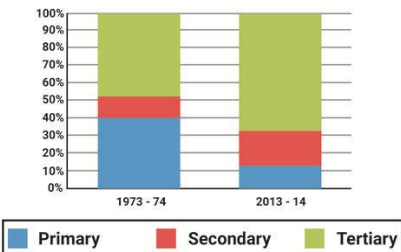
#### **Several reasons→**

1. Requirement of several basic services → such as hospitals, educational institutions, post and telegraph services, police stations, courts, municipal corporations, defence, transport, banks, insurance companies, etc.
2. The development of agriculture and industry→ leads to the development of services → transport, trade, storage, and banking.
3. Income levels rise→increase in demand for more services→ like eating out, tourism, shopping, private hospitals, private schools, professional training etc.
4. over the past decade→ certain new services→ rise in services based on information and communication technology have become important and essential

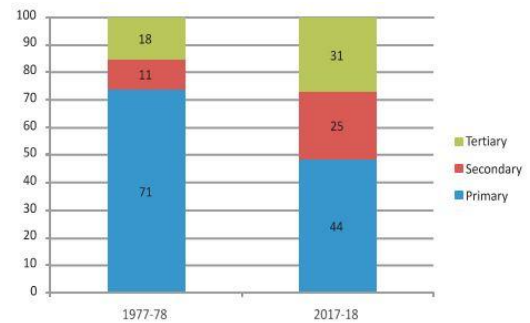


## Where are most of the people employed?

Graph 2 : Share of Sectors in GDP (%)



Share of Sectors in Employment (%)



Share of Sectors in GDP (%)

Year	Primary	Secondary	Tertiary
1973-74	40	12	48
2013-14	12	21	67

Share of Sectors in Employment (%)

Year	Primary	Secondary	Tertiary
1977-78	71	11	18
2017-18	44	25	31

## Disguised Unemployment :

- More people engaged in agriculture than the necessity → This kind of underemployment is hidden in contrast to someone who does not have a job and is clearly visible as unemployed → it is also called *disguised unemployment*.

## How to create more employment?

- ✓ Govt. can spend some money or bank can provide loans at lower interest
- ✓ Investing in infrastructure such as building a dam at suitable place.
- ✓ Increasing efficiency of transportation and Storage.
- ✓ Promoting small scale Industries such as mills, honey collection centres.
- ✓ Emphasis on Education and training centres.
- ✓ Identifying Potential of an area. For example, an area can be developed as tourist site.
- ✓ Government Welfare Schemes like making well or pump near farms, providing electricity, building hospitals.

## MGNREGA -

- The central government in India made a law → implementing the Right to Work in 625 districts → called *Mahatma Gandhi National Rural Employment Guarantee Act 2005 known as MGNREGA 2005*.

### Under MGNREGA 2005 →

- In rural areas, all those who are able to, and are in need of work are guaranteed 100 days of employment in a year by the government.
- If the government fails in its duty to provide employment, it will give unemployment allowances to the people.



## DIVISION OF SECTORS AS ORGANISED AND UNORGANISED -

Organised Sectors	Unorganised Sectors
<ul style="list-style-type: none"><li>➤ Registered by the government</li><li>➤ Follow its rules and regulations of Govt.</li><li>➤ Enjoy security of employment</li><li>➤ Work only a fixed number of hours</li><li>➤ Get paid leave, payment during holidays, provident fund, gratuity, medical benefits etc.</li></ul> <b>Examples:</b> Government employees, banks	<ul style="list-style-type: none"><li>➤ Largely outside the control of the government</li><li>➤ No job security</li><li>➤ No pay for overtime working.</li><li>➤ No such benefits are given</li><li>➤ Home tutors, person working in small general stores</li></ul>

### How to Protect Workers in the Unorganised Sector?

Since the 1990s → large number of workers losing their jobs in the organised sector → forced to take up jobs in the unorganised sector with low earnings → so there is also a need for protection and support of the workers in the unorganised sector.

### Who are these vulnerable people who need protection?

Vulnerable People in Rural Area	Vulnerable People in Urban Area
<ul style="list-style-type: none"><li>✓ Landless agricultural labourers</li><li>✓ Small and marginal farmers Sharecroppers and artisans (such as weavers, blacksmiths, carpenters and goldsmiths)</li><li>✓ These farmers need to be supported for timely delivery of seeds, agricultural inputs, credit, storage facilities and marketing outlets</li></ul>	<ul style="list-style-type: none"><li>✓ Workers in small-scale industry, casual workers in construction, trade and transport etc., and those who work as street vendors, head load workers, garment makers, rag pickers etc.</li><li>✓ Small-scale industry also needs government's support for procuring raw material and marketing of output</li></ul>

## SECTORS IN TERMS OF OWNERSHIP: PUBLIC AND PRIVATE SECTORS -

Public Sector	Private Sector
<ul style="list-style-type: none"><li>➤ The government owns most of the assets and provides all the services.</li><li>➤ <b>Example:</b> Railways or post office</li><li>➤ The government must provide basic services like health and education facilities for all.</li><li>➤ The government spends in Infrastructure-development → construction of roads, bridges, railways, harbours, generating electricity, providing irrigation through dams etc.</li><li>➤ Government also needs to pay attention to aspects of human development such as availability of safe drinking water, housing facilities for the poor and food and nutrition.</li></ul>	<ul style="list-style-type: none"><li>➤ Ownership of assets and delivery of services is in the hands of private individuals or companies.</li><li>➤ Example: Tata Iron and Steel Company Limited (TISCO) or Reliance Industries Limited (RIL).</li></ul>

