

**CLASS 10 NOTES**

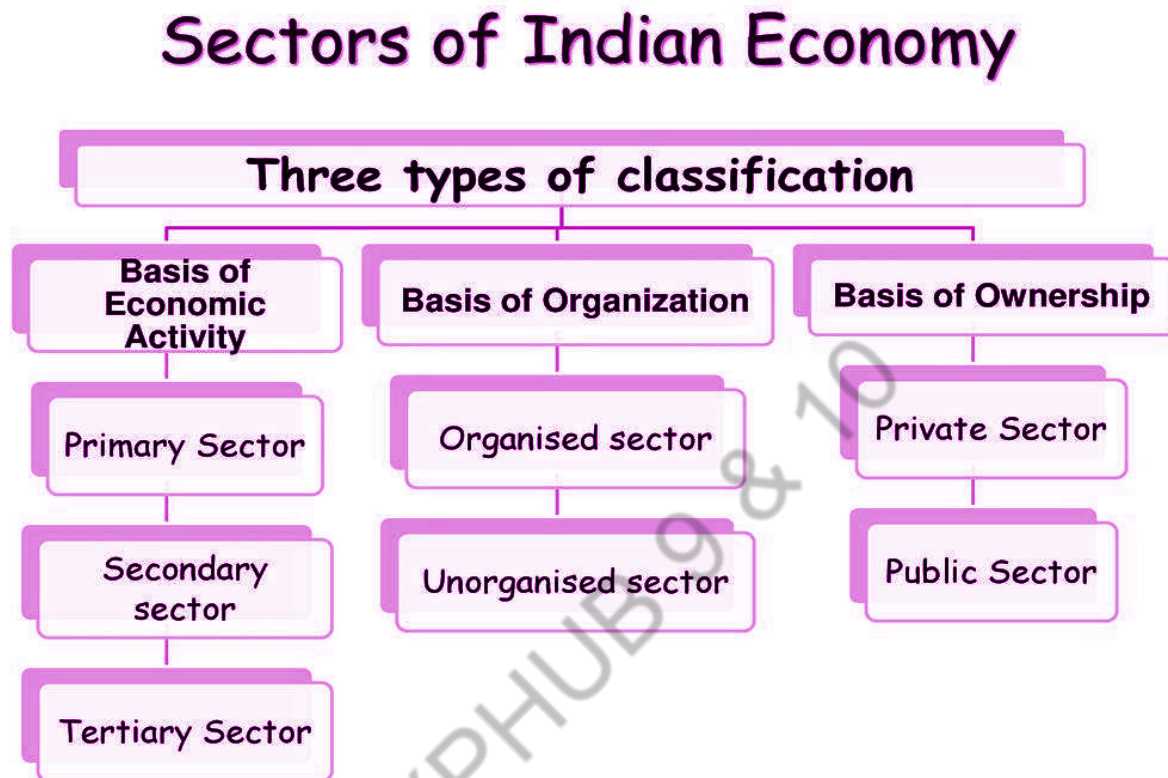
# **ECONOMICS**

# Sectors of the Indian Economy

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# Sectors of Indian Economy



## ***Primary Sector:***

- When we produce a good by exploiting natural resources, it is an activity of the primary sector.
- Since most of the natural products we get are from agriculture, dairy, fishing, forestry, this sector is also called agriculture sector.

## ***Secondary Sector:***

- The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that we associate with industrial activity.
- ***Since this sector gradually became associated with the different kinds of industries that came up, it is also called the industrial sector.***
- ***For example*** - using cotton fiber from the plant, we spin yarn and weave cloth. Using sugarcane as a raw material, we make sugar or *gur*. We convert earth into bricks and use bricks to make houses and buildings.

### ***Tertiary Sector:***

- They don't produce any goods but these activities provide a service. These are activities that help in the development of the primary and secondary sectors.
- ***Since these activities generate services rather than goods, the tertiary sector is also called the service sector.***
- ***For Example*** - goods that are produced in the primary or secondary sector would need to be transported by trucks or trains and then sold in wholesale and retail shops.
- Service sector also includes some essential services that may not directly help in the production of goods. ***For example*** - we require teachers, doctors, and those who provide personal services such as washermen, barbers, cobblers, lawyers, and people to do administrative and accounting work.

**#** All sectors are linked or interconnected. For example - cotton from the cotton plant (primary sector) is converted into textile in industries (secondary sector) and reaches the market through the means of transportation (Tertiary sector).

## Comparing the three sectors:

Exam me aayega

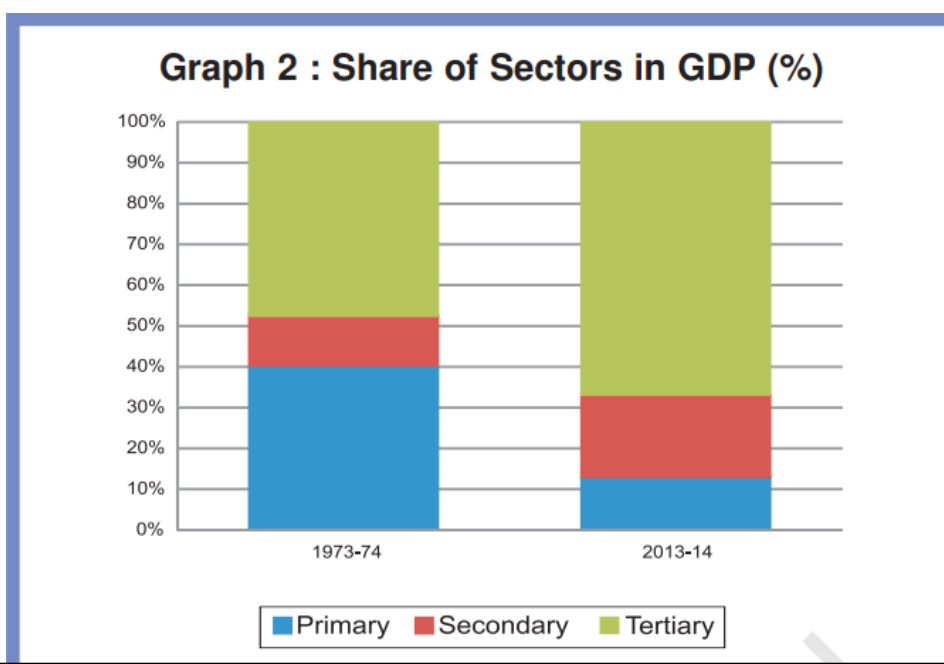
How do we count the various goods and services and know the total production in each sector?

The Answer is **GDP (Gross Domestic Product)**

- It is the value of final goods and services produced in each sector during a particular year that provides the total production of the sector for that year.
- GDP shows how big an economy is.
- In India GDP is calculated by the central government ministry.
- Total GDP = GDP of Primary + GDP of secondary + GDP of tertiary sector.

## Sectors in India:

### Importance of Tertiary sector:





Tertiary sector has emerged as the largest producing sector in India because -

- Government has developed hospitals, schools, courts, banks, police, army etc., which are basic needs of a country and are part of the tertiary sector.
- Development in primary and secondary sectors has led to development of tertiary sectors as they are interdependent.
- Rise in the income level of people has increased the demand for eating out, shopping, movies, tourism etc., which are part of the tertiary sector.
- New services based on information and communication technology (internet) have become essential and important. These services are growing rapidly.

### **Underemployment / Disguised Unemployment:** ← E.M.A

- When more people are working than is needed, this situation is called under-employment or disguised unemployment.
- This is the situation of underemployment, where people are apparently working but all of them are made to work less than their potential.
- **For Example** - we see other people of the service sector on the street pushing a cart or selling something where they may spend the whole day but earn very little.

### ***Ways to create more employment:***

- Government can provide cheap loans to farmers so they can do farming with the best equipment and practice multiple cropping to remain employed throughout the year.
- Government can invest money in transportation and construct new roads, this will create employment for laborers and taxi drivers.
- Government can locate industries near rural areas where a large number of people can be employed in the factories.
- Only 52% of children go to school. If more schools are constructed, teachers are appointed. It can create more than 20 lakh jobs.
- If tourism as a sector is improved it can generate more than 35 lakh jobs.

### **Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005)** ← E.M.A

For the short-term, we need some quick measures. Recognising this, the central government in India made a law implementing the Right to Work in about 625 districts of India. It is called Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005).

**#** Under MGNREGA 2005, all those who are able to, and are in need of, work in rural areas 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.**

## **Organised and Unorganised Sector:**

### **Organised Sector:**

- Organised sector enterprises are registered by the government and have to follow all the rules .
- Workers have Job security (can't be fired without proper reasons) and get pension when they retire.
- Offices have good working conditions and safe environment.
- Here people have a fixed amount of work hours and if they work overtime they get paid extra for it.
- Get benefits like paid leave , payment during holidays, provident fund etc.
- Eg:- Government jobs , schools, banks etc .

### **Unorganised Sector:**

- Unorganised sector enterprises are not registered with the government and rules and regulations are violated by them .
- Workers don't have job security (can be fired anytime) and do not get pension when they retire.
- People sometimes have to work in dangerous work environments without any safe equipment.
- Here people don't have fixed work hours and nothing extra is paid for overtime.
- NO paid leave, holidays or leave due to sickness.

## # How to Protect the Unorganised Sector:

- In Rural Areas - small and medium farmers can be supported by timely and adequate delivery of seeds , cheap loans , storage facilities and good market price of their harvest .
- In urban Areas - labours and small industries can be supported with good labor laws and favorable policies for small industries .
- Backward communities - A large no. of people from backward communities work in the unorganised sector. They can be protected if they don't face any discrimination based on their caste or background.

## Public and Private Sector:

### Public Sector:

- The government owns most of the assets and provides all the services.
- Their goal is to serve people.
- **For example** - Government schools, hospitals, post office, army etc.

### Private Sector:

- The Ownership of assets and delivery of services is in the hands of private individuals or companies.
- Their goal is to make profit and earn money.
- **For example** - Reliance , Google , Apple ,Tata etc.



## # Top Seven Questions:

### Short Answer Type Questions (1 - 3 Marks)

1. What constitutes the unorganised sector in the urban areas?

Why do workers in this area need protection? {CBSE 2015}

**Ans:** Workers in small scale industry, casual workers in construction, trade and transport constitute the unorganised sector in the urban areas. Workers in unorganised sector of the urban areas need protection because

- a. They are paid very low.
- b. Their work is erratic and so is their income.

2. How did MGNREGA 2005 bring upliftment of the rural people?

Explain. {CBSE 2014}

**Ans:** Mahatma Gandhi National Rural Employment Guarantee Act:

- a. This act was passed in the year 2005.
- b. According to this Act, 100 days of guaranteed employment is provided to all those who are able to work and are in need of work in the rural areas.
- c. Unemployment allowance is provided to the workers if the government is not able to provide them work within 15 days.
- d. This Act helps in providing income and livelihood to the people in the rural areas.

3. Highlight the three factors responsible for the growth of the service sector in the Indian economy. {CBSE 2019}

**Ans:** Due to the following reasons, the tertiary sector is rising in importance in India:

- a. Rise in the basic services provided by the government.
- b. The development in the primary and secondary sectors has led to the development of the tertiary sector.
- c. Due to the rise in income, people have started spending on various kinds of services.

4. Distinguish the service conditions of organised sector with that of unorganised sector. {CBSE 2018}

**Ans:** The service conditions of the organised and the unorganised sector are:

- a. Service conditions of Organised sector:
  1. These are the big units.
  2. These units are registered with the government.
  3. There are some formal processes and procedures in this sector. Therefore, it is called organised.
  4. There is security of employment.
- b. Service conditions of unorganised sector:
  1. These are the small and scattered units,
  2. These units are not registered with the government.
  3. There are no formal processes and procedures in this sector. Therefore, it is called Unorganised.
  4. There is no security of employment.

5. Give four reasons for the rising of the tertiary sector in India.  
{CBSE 2012}

**Ans:** The four reasons for the rise of the tertiary sector in India are - provision of basic services, rise in income, development of primary and secondary sectors and development of ICT.

### Long Answer Type Questions (5 Marks)

6. In what ways can employment be increased in urban areas?  
{CBSE 2017}

**Ans:** Job opportunities can be increased in the urban areas through the following ways:

- a. Government should invest in transportation and storage.
- b. Government should provide loans to the people for starting their own business at a reasonable rate of interest.
- c. Opportunities for new industries should be identified, located and promoted in the small towns.
- d. Opening of the services like the cold storages.
- e. Jobs can be created in the field of education, health and tourism.
- f. Jobs can be created by launching various government schemes.

7. Give five reasons for the rising importance of the tertiary sector in production. {CBSE 2015}

**Ans:** Five reasons for the rising importance of the tertiary sector in production are:

- a. Rise in the basic services provided by the government.

- b. The development in the primary and secondary sectors has led to the development of the tertiary sector.
- c. Due to the rise in income people have started spending on various kinds of services.
- d. Due to the development of new kinds of services like IT sector services.
- e. Due to the introduction of the new economic policy of liberalisation, privatisation and globalisation, trade expanded all over the world and the role of the service sector became significant.

EXPHUB 9 & 10