

Revision Notes Class 10

Social Science - Economics

Chapter 2 - Sectors Of Indian Economy

Introduction

Sectors are groups of people who engage in diverse activities including the production of commodities or services. Economic activities are those that result in revenue and profit. A farmer, for example, harvests crops in order to sell and profit; an industry, on the other hand, produces things or services for people in order to profit.

DIFFERENT SECTORS OF THE INDIAN ECONOMY

1. Primary Sector: The primary sector is when we make a product by extracting and collecting natural resources. Farming, forestry, hunting, fishing, and mining are just a few examples.

2. Secondary Sector: It includes operations that include the transformation of natural goods into new forms through various manufacturing processes. After primary school, it's time to go on to secondary school. In this case, some production steps are required. The industrial sector is another name for it. For example, we spin yarn and make cloth from the plant's cotton fiber. Sugar or Gur is produced using sugarcane as a basic ingredient.

3. Tertiary Sector: Activities that aid in the growth of the elementary and secondary sectors are included in the tertiary sector. These actions do not generate a good in and of itself, but they help or support the production process. It's also known as the service sector. Teachers, doctors, washermen, barbers, cobblers, lawyers, call centres, software businesses, and so on are some examples.

DIFFERENCE BETWEEN THE THREE SECTORS OF THE ECONOMY

All three sectors, primary, secondary, and tertiary, are interdependent and interconnected in the day-to-day performance of diverse economic activities. It's nearly hard to keep track of all the activities that go into producing the final goods or services.

Gross Domestic Product (GDP): The sum of the output that is once done through primary, secondary, and tertiary activities is known as the Gross Domestic Product (GDP). The value of all of these final goods from all three

sectors would be counted into the gross domestic product, and when we talk about the net domestic product, we eliminate any depreciation from that gross number to get the net product.

Historical changes in sectors:

1. The primary sector was the most important sector of economic activity in a country throughout its early phases of development.
2. The agriculture sector began to generate significantly more food than before as a result of technological advancements in farming processes.
3. People began working in factories. Some persons are also involved in the transportation industry.
4. The secondary sector gradually became the most important in terms of the economy and employment.
5. A great variety of industries relating to food processing, equipment manufacturing, and textiles are present.
6. This resulted in the establishment of services such as banking, health care, and education.
7. In terms of total production, the service industry has overtaken manufacturing as the most significant sector, and it has begun to employ more people.

Where are most of the people employed?

The tertiary sector overtook the primary sector as India's largest producing sector in 2013-14. The tertiary sector in India has been increasingly important for the following reasons:

1. Hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defense, transportation, banks, insurance businesses, and other services are considered vital for everyone.
2. Agriculture and industry expansion lead to the expansion of services such as transportation, commerce, and storage.
3. As people's incomes rise, they expect more luxuries like dining out, tourism, shopping, private hospitals, private schools, professional training, and so on.
4. During the recent decade, several new information and communication technology-based services have become increasingly important and indispensable.

Disguised Unemployment: Unemployment is the only aspect of the economy that has no bearing on overall output. When productivity is low and there are too

many people for too few jobs, this happens. It can apply to any group of people that aren't working to their full potential.

How to Create More Employment?

People can find work by locating industries and services in semi-rural areas and identifying, advertising, and locating them. Every state or region has the potential to boost its residents' income and job opportunities. Tourism, regional craft industries, and emerging services like IT can all help. According to NITI Aayog, research undertaken by the Planning Commission, approximately 20 lakh employments can be produced in the education sector alone.

In 2005, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted by the central government of India to implement the Right to Work in about 625 districts across the country.

MGNREGA:

- It is primarily used by persons who live in rural areas who are able and willing to work. Every year, the MGNREGA gives at least 100 days of work to rural households that voluntarily volunteer to conduct unskilled work.
- The MGNREGA scheme is open to any Indian citizen over the age of 18 who lives in a rural area.
- Another goal of the MGNREGA act is to give rural communities long-term assets such as roads, wells, and ponds.
- If the government fails to produce jobs, the people will be forced to rely on unemployment benefits.
- It is implemented without the use of contractors or agents in gram panchayats.
- This law aids in the preservation of the village environment, the empowerment of rural women, the promotion of social equality, the reduction of migration to urban regions, and the provision of essential services, among other things.

DIFFERENT SECTORS IN TERMS OF OPERATIONS

1. Organized Sector:

- Organized sectors are those that provide fixed and secure employment as well as work for a limited amount of time to their employees based on their motivation and qualifications.

- These industries adhere to the government's norms and regulations.
- Employees in the organized sector have job security.

2. Unorganized Sector:

- The government seems to have little influence over the unorganized sector.
- Workers in the unorganized sector do not have the same level of job security as those in the organized sector.
- Overtime work is not compensated in any way.

How to Protect Workers in Unorganised Sector?

There is a need for workers in the unorganized sector to be protected and supported. Here are a few pointers to get you started.

- The government has the authority to set the minimum pay and working hours.
- Self-employed workers can get low-cost loans from the government.
- The government can supply these workers with low-cost, accessible fundamental amenities such as education, health care, and food.
- The government can enact new legislation that allows for overtime, paid leave, and sick leave, among other things.

DIFFERENT SECTORS IN TERMS OF OWNERSHIP

1. Public Sector:

- The government controls most assets and is responsible for all services in the public sector.
- The public sector's goal isn't only to make money. Its main goal is to benefit the general population.
- The public sector includes things like railways and post offices.

2. Private Sector:

- Asset ownership and service delivery are in the hands of private individuals or corporations in the private sector.
- Profit is the primary motivator for private-sector activity.
- Tata Iron and Steel Company Limited (TISCO) and Reliance Industries Limited are two privately held companies (RIL).

Important Questions and Answers

1. What is a static and dynamic economy?

Ans: A static economy is one in which there are no discernible changes in the economy. Before independence, for example, economic characteristics such as population size, capital availability, production method, and organization type were unchanged.

A dynamic economy is defined as one in which there is a significant or continual change in the economy. Economic factors such as population size, money availability, production mode, and organization type change throughout time after independence.

2. Which sector contributes to maximum GDP after 2015?

Ans: The tertiary or service sector, after 2015, provided the most GDP and continues to outperform the primary sector. The tertiary sector provided 54.3 percent of the nation's GDP in 2018-19. Public services, trade, transportation, hotels, tourism, communication, financial services, real estate and professional services, broadcasting services, and so on are all included in this sector. The emphasis has shifted from primary and secondary industries to tertiary sectors as the economy has grown. The service sectors contribute to the nation's economic growth and development.

3. What is disguised unemployment?

Ans: The only facet of the economy that has no bearing on overall output is unemployment. This occurs when productivity is low and there are too many individuals for too few jobs. It can be applied to any group of people who aren't performing at their best.

There are three different types of hidden unemployment-

- Underemployment: People who are looking for full-time work yet are only working part-time.
- Disabled or sick: People who are sick or partially disabled people who can work but are only given temporary or no jobs owing to their physical limitations.
- Not looking for work: This includes those who are literate and looking for work but subsequently consider themselves unemployed due to the high unemployment rate.

4. What are the problems faced in the agricultural sectors?

Ans: Farmers face a variety of issues, including low crop prices, unirrigated land,

debt, insufficient water for irrigation, no job during the offseason, and a lack of knowledge for agricultural development.

5. What is the GDP of different sectors in 2020?

Ans: The tertiary sector contributed 53.66 percent of GDP in 2020, while the primary sector contributed less than 16 percent and the secondary sector more than 31 percent.

6. Why is NREGA 2005 otherwise known as the right to work?

Ans: The government passed the National Rural Employment Guarantee Act in 2005 in order to create job possibilities for people to earn a living. It ensures that one family member will work for at least 100 days. This programme satisfies one of the Constitution's fundamental rights, which is the right to work. Every person of a country has the right to work, and if the government is unable to give more and more job possibilities, it will be forced to provide daily salaries, particularly to the poor. This is why the program is referred to as "Right to Work."

7. In what ways employment can be increased in urban areas?

Ans: In urban locations, employment can be increased in the following ways:

- Education facilities should be expanded to allow for the hiring of additional teachers.
- Health-care facilities must be enhanced as well, resulting in more job opportunities for doctors, nurses, and other healthcare professionals.
- Tourism can be viewed as a source of growth.
- Increasing the number of IT positions can aid with job growth.

8. Why is agriculture and unorganized sector activity?

Ans: Agriculture is classified as an unorganized sector activity because:

- Most farmers are underpaid, and the agricultural industry has a labor shortage.
- Agricultural employees are given special attention by the government during the irrigation season, whether they are receiving services, training, or programs from the government or not.
- Farmers are reliant on loans and money lenders since they are underpaid, and crop costs are cheap.
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9. What are the different types of unemployment in India?

Ans: The different types of unemployment in India are as follows:

1. Seasonal unemployment occurs during a specific season of the year.
2. Structural unemployment occurs when occupations and worker skills are mismatched in the market.
3. Technological unemployment occurs when a job is lost owing to a shift in technology.
4. Disguised unemployment occurs when more individuals are employed than are required.
5. The time between searching for a job and moving jobs is known as frictional unemployment.
6. Cyclical unemployment occurs as a result of company profit and loss.

10. How does the public sector contribute to the economic development of the nation?

Ans: Following are the way in which the public sector contributes to the economic development of the nation:

1. The government provides various services like shipping, railways, subway, and aviation facilities to ensure that everyone has access to these amenities at a reasonable cost.
2. Farmers sell their products to the government for a small fee, and the government then sells them to consumers at a very low price through ration stores.
3. For the betterment of the Indian people, the government raises money through taxes and other services such as trains and roads.