

CHAPTER - 15

SECTORS OF INDIAN ECONOMY



We learn about the following in this chapter,

- Major sectors of the Indian economy.
- Meaning and importance of primary sector.
- Importance of secondary sector and classification.
- Role of public sector and private sector.
- Importance of tertiary sector.
- Karnataka's economy.

As you have already known that based on economic activities, the Indian economy has been classified into three sectors, namely

- 1) **Primary sector** - consisting of agriculture, animal husbandry, forestry, logging and fishing.
- 2) **Secondary sector** - consisting of manufacturing, mining, quarrying, gas and water supply, construction, electricity.
- 3) **Tertiary sector** - consisting of education, transport, storage communication, tourism, hotel and restaurant, insurance, real estate, business services, public administration and other services.

Primary Sector

The primary sector includes agriculture and its allied activities like Sericulture, Horticulture, Animal husbandry, Poultry, Fishery, Floriculture etc. which provide raw materials to agro-based industries.

Importance of Agricultural Sector : Agriculture is a major occupation in India. Still it is the backbone of our economy. Its importance can be briefed as follows,

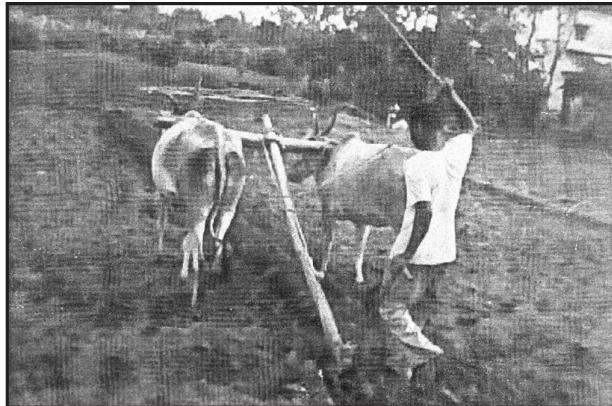
1. More than 52% of people are still depending on agriculture, directly and indirectly for their livelihood.
2. It provides raw materials for agro-based industries.
3. It provides food for human beings and fodder for animals

- It helps in the capital formation through the savings of the farmers.

Though agriculture is the main occupation, the condition of farmers is not yet satisfactory due to the following reasons.

- Majority of farmers are small and marginal.
- Large portion of cropped area is rain fed.
- Productivity in agriculture is very low.
- Majority of farmers are ignorant about the modern tools and new techniques of production.
- Farmers do not get the correct price for their products due to the existence of middlemen.

Government has undertaken various measures to improve the productivity of agriculture and also to improve the conditions of farmers in the country.



Agriculture

Activity :

- Meet a farmer of your village and collect the following information
 - What are the crops grown by them in this year?
 - After the crops produced how is the selling system?

Secondary Sector

Secondary sector is also called Manufacturing sector where raw materials are converted into finished products. The industries can be classified into three groups namely ,

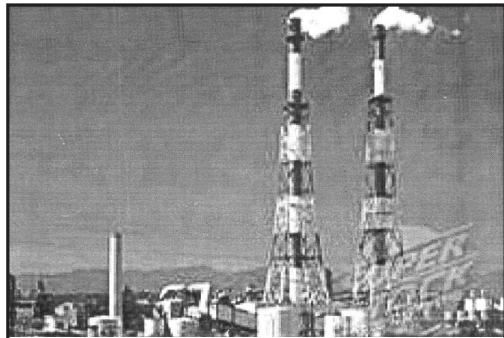
- Agro-based Industries
- Forest-based Industries
- Mineral-based Industries.

Activity :

Know the recent developments in agriculture.

Industries are classified into two groups on the basis of ownership namely (1) public sector industries and (2) private sector industries.

Public sector industries are under the ownership of Government. These are classified as Central Public Sector Enterprises (CPSE) and State Public Sector Enterprises (SPSE). Private Sector industries are under the ownership of Private People. They include multinational companies and other Private industries on the basis of capital investment and machineries. They are classified as large scale, medium scale, small scale and micro type industries (MSME's)



Industries

Public Sector in India : During the pre-independence period the participation of the public sector in economic activity was virtually absent. The only organizations which were under the management and the government control were Railways, Port Trust, Post and telegraphs, Air craft and defence factories.

However, since the inception of Industrial Policy 1956, there has been a huge expansion of the public sector industries in independent India. Public sector units (PSUs) at present constitute a major national capability in terms of their scale of operation, coverage, technical expertise and employment generation. The important PSUs in India are HMT, BHEL, ITI, Hindustan Ship Building Yard, etc.,

Private sector : The private sector refers to all types of individual and corporate enterprises in the field of economic activity. In this sector different factors of production in various productive activities are owned and managed privately by individual or private corporate bodies. For example Tata, Birla, Zindal, Mahindra, Ambani, Kirloskar, etc..

Multinational companies (MNC's) : An enterprise which is managed from home country and has operational branches in different countries is called Multinational company. Generally any company or group that gets more than quarter of revenue from its operations from outside the home country is also called MNC's. After economic reforms many MNC's have started their enterprises in India. Eg : Sony (Japan), Samsong (south korea), Hindustan Liver (England) etc.

Post 1991 Economic reforms, by Indian Government has brought Public Private Partnership(PPP) in various infrastructure projects. Privatization has got major boost after the 1991 Economic reforms.

Importance of industrial Sector : Industrial sector strengthens the economy as :

- 1) It brings higher income to the nation.
- 2) It provides employment to the people.
- 3) Standard of living of the people will be increased.
- 4) It helps to modernise the agriculture as it provides tractors, machineries, fertilisers etc.
- 5) Reduces the pressure of population on agriculture. Many hill migrate to cities & towns.
- 6) It helps to earn more foreign exchange.
- 7) Industrial regions also develop as centers of trade, education, transport, Banking etc.

Tertiary Sector

Tertiary sector is also called service sector. At present the world economy is dominated by service sector. Banking, Insurance, Trade, Transport and communication, Health, Education and training etc. are important components of service sector.

Banks : Banks are the financial institutions, which accept different types of deposits from the general public. Then they advance loans to those who are in need of finance. Banks act as the mediators between savers and investors.

Insurance : Insurance is a way of protection against the financial losses. It guards against the unforeseen events, which cause damages and destruction to human life and properties. For example death, incapacitation due to accident, old age sickness, theft, fire, flood, earthquake, riot, lightning, burning, sea piracy, sinking of ship, vessels colliding etc. There are two types of insurance, namely General insurance and Life insurance.

Transport : Transport is a system which carries passengers and goods from one place to another. Land transport, water transport and air transport are the different modes of transport, which play an important role in economic development. They bring a wide market for the goods and services.



Transport

Communication : Communication refers to the sharing of ideas, thoughts, messages from person to person and from one place to another place. Postal services, telecommunications, fax, email, newspapers, Internet all help to communicate the people from one to another place of the world.

Health : 'Health is wealth' and 'a sound mind in a sound body' - statements convey the importance of health in one's life. According to World Health Organization- Health refers to "the person, who is free from physical, mental, social and intellectual disorders".

Health care in India is gradually improving. There is a steep decline in Death rate to 7.2 per thousand. Infant mortality rate to 47 per thousand live births, and child mortality is 15 per thousand. There is a rise in average expectancy of life to 66.9 years in 2011. Medical awareness programs have helped to control deadly diseases like Tuberculosis (TB), Cholera and Malaria. Polio has been completely eradicated from India due to the determined will of the Government.



Education : Education is derived from a Latin word 'educare' which means 'lead to light'. According to Gandhiji 'Education brings all round development in personality of the child'.

The Government in order to increase the literacy, has brought Rastreeya Saksharatha Mission in 1988, Sarva Shiksha Abhiyan in

2001, Mid day meal scheme in 1995, Raashtriya Madhyamik Shiksha Abhiyaan (RMSA) in March 2009 to improve the quality of education in our country.

Contribution of different sectors to National Income

The following table shows the contribution of different sectors to our national income

| Sectors | 1950-51(%) | 1990-91(%) | 2000-01(%) | 2011-12(%) |
|------------------|------------|------------|------------|------------|
| Primary sector | 59 | 35 | 27 | 14 |
| Secondary sector | 13 | 24 | 25 | 27 |
| Tertiary sector | 28 | 41 | 48 | 59 |

KARNATAKA ECONOMY

Karnataka, is the 8th biggest state of India, extends over an area of 191,791 Sq Kms. For administration purpose it is divided into 4 divisions, 30 districts, 176 taluks. It is endowed with rich natural resources like evergreen forests of western ghats, coastal region, rich flora and fauna and ore deposits. These resources are contributing to the economic development in many ways. you can learn more information about our resources in Geography.

Agriculture : More than 52% of the workforce is still dependent on Agriculture in Karnataka. Agriculture in the state is characterised by wide crop diversification. Karnataka has attained self sufficiency in food grains, but where as in case of the production of pulses there is deficit.

About 30% of the cultivable area is under irrigation and 70% is dependent on rainfall. Irrigation potentials are created through major and minor irrigation projects. For example Ghataprabha, Malabrabha, Narayanapura, Alamatti dam, Tungabhadra, Hemavathi, Harangi, Krishnaraja sagar etc.

Paddy, jowar, ragi, wheat, bajra are important food crops grown in Karnataka. Cotton, sugarcane, tobacco, potato, oil seeds, coffee, tea are major commercial crops of the state. cardamom, pepper, coconut, areca nut and banana are the major species and plantation crops of the state.

Horticulture : Karnataka is one of the leading states in horticulture. In order to improve the cultivation of horticulture, the state government has undertaken many initiatives like area expansion, assistance to farmers, supply of seeds and seedlings, micro irrigation, control of pests and diseases, post harvest management and marketing etc. ‘Karnataka state Horticulture Development Agency’ has been established to develop horticulture farms and nurseries with more scientific approach. NABARD is providing credit facilities through its agencies for the expansion of horticultural crops.



Mango tree

Floriculture in Karnataka : Floriculture is also called flower farming. It is the cultivation of flowering and ornamental plants for botanical gardens and floristry (floral industry). Karnataka is the leader in floriculture. Devanahalli and Chikkaballapur are leading flower growing taluks in the state. India’s exports in floriculture is increasing and the major portion of flowers exported from India are from Karnataka. Karnataka Agro Industries Corporation(KAIC), National Horticulture Board help to establish a flowry business with cold storage facilities and freight subsidies for entrepreneurs in Karnataka.



Floriculture

Animal Husbandry and dairy development : Karnataka ranks second place in India in milk production. The state’s share in live stock and poultry of India is 6.2% and 6.48% respectively. The milk production in the state has increased from 4.5 million tons in 2008-09 to 4.8 million tons in 2009-10. The health of livestock and poultry in the state are catered through a network of veterinary centers established throughout Karnataka.



Animal Husbandry

Karnataka Milk Federation (KMF) is a state level Co-operative organization which is implementing dairy development in the state under 'operation flood'. It markets milk and dairy products to the consumers.

Fisheries : Karnataka has rich resource of fish culture with a continental shelf of 27000 sq km with 320 km of coastline and 5.60 lakh hectares of inland waters. It gives huge scope for development of fisheries. The total fishermen of the state is 9.61 lakh comprising 3.28 lakh marine and 6.33 lakh inland fisher men. The average fish production in the last 5 years is about 587 lakh tons. The state contribution to India's total fish production is 6%. There are seven fishing harbors in the state located at Karwar, Tadri Honnavar, Bhatkal, Gangolli, Malpe and Mangaluru. Export of marine products is earning good foreign exchange for Indian economy.

Industry: Karnataka is a centre for some of the Largest Public sector industries of India. Hindustan Aeronautics Limited (HAL) is dedicated to research and development activities for indigenous fighter aircraft for the Indian Air Force. It is the Largest Public sector Industry in Karnataka which has more than 9500 employees. National Aerospace Laboratories (NAL), Bharat Heavy Electricals Limited (BHEL), Indian Telephone Industries (ITI), Bharat Earth Movers Limited (BEML), Bharat Electronics Limited (BEL), Hindustan Machine Tools (HMT) are other heavy industries established in Karnataka under public sector. TVS motor cycle manufacturing Plant at Mysuru, Tata motors at Dharwad, Electrical equipments manufacturing companies like Kirloskar, ABB, Kavika, Larsen and Turbo (L&T) are some of the important private Sector Industries established in Karnataka. Infosys and Wipro are the leading IT (Information technology) Companies from Karnataka.

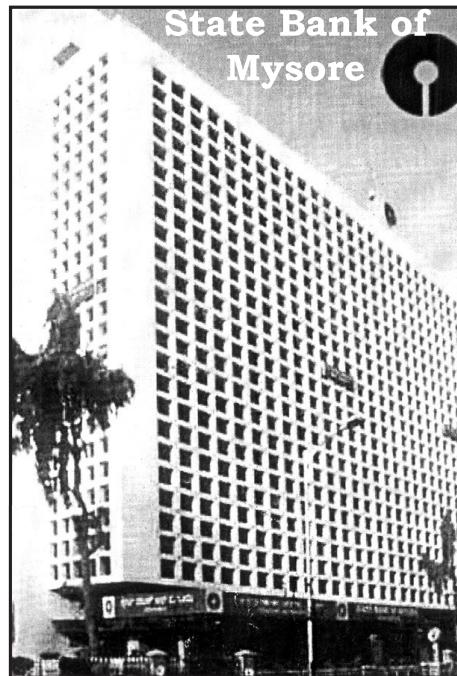
Karnataka is the leading state in bio-technology industry. It has built up considerable resources and talent. It is one of the first state to frame an industry oriented biotechnology policy.

Banking : Bharatha Rathna Sir M Vishweswaraiah established State Bank of Mysuru in 1913. Since then Karnataka has a premier position in banking. Dakshina Kannada and Udupi are called as the Cradles of banking industry. Canara Bank, Syndicate Bank, Corporation Bank, Vijaya Bank which are leading public sector banks, they had their roots from these two districts. Canara bank is the first bank to sponsor the Regional Rural Bank (RRB) in the state. Now 27 public sector

commercial banks, 16 private commercial banks and 6 regional rural banks are operating in the state. IDBI, Axis bank, ICICI bank, Indus bank etc. are the leading private banks operating in the state.

Tourism : Karnataka with its great heritage and cultural background has vast potential for the sustainable development of tourism industry. Since 1988 tourism has been given priority. Tourism is instrumental for socio economic growth of the state as well as providing lot of employment opportunity for both skilled and unskilled workers. It also helps the growth of transport, trade, Health, Horticulture, floriculture and MSME's .

Power: Karnataka generates power in four different forms, namely Hydro power, Thermal power, Wind power and Solar power. Hydro power is the major source of electricity generation in the state. Electricity generation plants are owned and controlled by Karnataka power corporation limited (KPCL). Karnataka Power Transmission corporation limited (KPTCL) is responsible to distribute the power throughout the state.



Wind power



Solar power



Hydro Electric power

Transport

Transport : Transport is the lifelines of the state economy. Agriculture, industry, mining, trade and other activities depend on transport system. without systematic transportation no economic development is possible. Therefore transport is the key for economic development. Road transport, railways, water transport and airways are helpful for economic development.

Road Transport : Karnataka is having a wide range network of road. Roads connect every nook and corner of the state. They act as basic infrastructure for both rural and urban areas. Important roads and bridges are being developed with co ordination of private capitalist. under 'Pradhan manthri Sadak Yojane' main roads to every village are linked.

Karnataka State Road Transport corporation (KSRTC) is a Government owned enterprise is known for its efficient public transport. For efficient functioning and operational feasibility, the state government has bifurcated this corporation into four corporations namely 1) Karnataka State Road Transportation (KSRTC), 2) Bengaluru Mahanagar Road Transportation (BMTC), 3) North West Karnataka State Road Transportation (NWKRTC), 4) North East Karnataka State Road Transportation (NEKRTC).

Railways : Railway transportation is contributing largely for the socio-economic development and integration of the state. Most of the capital cities of the nation is facilitated by railway transport from Bengaluru. Railway Stations are upgraded, electronic signaling system is installed for smooth transport of railway .The central office of south western railway zone is at Hubballi. All most Railway routes of the state come under this administration. This transportation carries not only passengers, but also goods.

Water Transport : Karnataka State has a coastal line of 320Kms, consisting of one major Port and 12 small ports. The big New Mangalore major port is owned by central government, remaining ports are under the ownership of state Government. Among these Karwar, Belikeri, Malpe and Mangalore ports carry considerable quantity of goods. State Water transport have facilitated link to many states and many countries of the world.

Air Transport : Air transportation is the fastest transport. It can carry men and materials from one place to another very quickly. It is very useful to internal and international trade of the state. The

country's first green field international airport has been developed at Devanahalli near Bengaluru. It facilitates considerable contribution to the development of agriculture, industries, Bio-technology, information technology and other fields of the state. Airports are there in the other cities also like Mangaluru, Hubballi and Mysuru. Government is trying to develop these Airports under private participation.

Tele-Communication : The telecommunication system in the state is operated by both public and private sectors. Along with Bharath Sanchar Nigam Ltd (BSNL), Other major private operators in Karnataka are Vodafone, Bharathi Airtel, Spice, Reliance etc.

Health and Education : Karnataka has made a significant progress in imparting the health status of its people. Over the period it has made substantial progress in building better health services both in urban and rural areas. The primary health infrastructure in the rural areas has fulfilled the need of the people through "Minimum needs program". There are 2310 primary health centers, 8870 sub-centers and 180 community health centers in Karnataka.

The department of Health and Family welfare service implements various national and state health programs of public importance. It also provides systematic health care services to the people of the state through various types of health and medical institutions. Eg: Janani Suraksha Yojana, Thayi Bhagya, Madilu etc.

Education : The economic growth of Karnataka is largely based on the knowledge base of the society. The state has embarked on significant reforms in the education sector with increased public investment to ensure quality education. There are primary schools, High schools, pre-university colleges and Universities in Karnataka which are imparting quality education.

Karnataka is one of the fastest growing states in India. It has attained 75.6% of literacy by 2011. Government of Karnataka has established 'Karnataka knowledge commission', not only to extend the higher education but also to meet the requirements of the growing industry and service sectors as well as to meet the global challenges. All above fields are providing their own contributions to the economic development of Karnataka with mutual co-operation.

EXERCISES

I. Fill in the blanks with suitable words.

- 1) Main occupation of India is _____ .
- 2) Health and Education come under _____ sector.
- 3) The total Geographical land of Karnataka is _____.
- 4) SBM was established by _____ in 1913.
- 5) Manufacturing activities belong to _____.
- 6) The coastline area of Karnataka is _____.
- 7) To expand higher education Karnataka government has established _____ commission.
- 8) New Economic Policy was introduced in _____.

II. Answer the following questions with group dicussion.

- 1) Define primary sector.
- 2) State the different sectors of Indian economy
- 3) Explain the importance of Industrial sector.
- 4) Which places of India are called as cradle of Banking?
- 5) What is Education according to Gandhiji?
- 6) State the group of Industries.
- 7) List the important irrigation projects of Karnataka.
- 8) What is Health according to W.H.O. ?

III. Activities :

- 1) “The Third sector is in top position in the world.” Give a real picture with supported information about this statement.
- 2) List the industries that are in your locality and classify.

IV. Project :

- 1) Prepare a project on Karnataka Economy by explaining the different Economic activities.

