

Chapter 2 - Sectors of the Indian Economy

Sector of Economic Activities :

Primary Sector : When we produce a good by exploiting natural resources. It is an activity of the primary sector also known as agriculture and related sector.

Secondary Sector : Natural products are changed into others forms through ways of manufacturing. Also known as Industrial sector.

Tertiary Sector : These activities , by themselves, do not produce a good but they are an aid or a support for the production process. Also known as service sector.

Gross Domestic Production : the total value of final goods and services produced in each sector during a particular year provides the total production of the sector for that year.

Rising importance of the Tertiary Sector :

- In any country several services such as hospitals, educational institution, defence, transport, banks etc. are required.
- The development of agriculture and industry leads to the development of services such transport, banks are required.
- The development of agriculture and industry lends to the development of services such as transport, trade, storage.
- As income levels rise, certain sections of people start demanding many more services like tourism, shopping, private hospitals and private schools etc.
- Over the past decade or so certain new services such as those based on information and communications technology.

Disguised unemployment : More people engaged in than the people required for work. People do less work than their efficiency.

National Rural Employment Guarantee Act 2005

- 100 days work guarantee in year by the government.
- If government fails in its duty to provide employment. It will give unemployment allowances.
- Types of work given to improve production of land.

Organised Sector :

- Terms of employment are regular
- Registered by government

- Follows various rules and regulations
- It has some formal processes and procedures.

Unorganised Sector :

- Small and scattered units which are largely outside the control of the government.
- There are rules and regulations but these are not followed.
- Employment is not secure.

Questions :

1. Do you think the classification of economic activities into primary, secondary and tertiary is useful? Explain .
2. How is the tertiary sector different from other sectors? Illustrate with a few examples.
3. What do you understand by disguised unemployment? Explain with an example each from the urban and rural areas.
4. “Tertiary sector is not playing any significant role in the development of Indian Economy”. Do you agree? Give reason in support of your answer.