

Chapter 2 $\Rightarrow$ SECTORS OF THE INDIAN ECONOMY

* Notes:-

- There are many activities that are undertaken by directly using Natural resources.
- When we produce a good by exploiting natural resources, it is an activity of the primary Sector. This sector is also called agriculture & related 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.
- It is also called as industrial sector.
- After primary & Secondary, there is a third category of activities that falls under Tertiary Sector.
- These are activities that help in the development of the primary & secondary sectors.
- The tertiary sector is also called the service sector.
- The value of final goods already includes the value of all the intermediate goods that are used in making the final good.

* Important Terms:-

- **Economic Activities:** The activities which contribute to the flow of goods & services in an economy.
- **GDP:** It is the value of all final goods & services produced within a country during a particular year.
- **Final Goods:** Final goods are the goods which are ready for use. for eg. a pen.
- **Intermediate Goods:** These are the goods which are used up during the production process. for eg. cotton is used up during the production process for cloth.
- **Right to work:** Under this right all those who are ready to work at prevailing wages are given work by the government.
- **Organised Sector:** It is a sector which covers those enterprises or place of work where the terms of employment are regular and therefore, people have regular work.
- **Unorganised Sector:** Any sector or industrial unit which is largely outside the control of the government.

- The value of final goods & services produced in each sector during a particular year provides the total production of the sector that year.
- And the sum of production in the three sectors gives what is called the 'Gross Domestic Product (GDP)' of a country.

- The kind of 'underemployment' is hidden in contrast to seasonal who does not have a job & is clearly visible as unemployed. Hence, it is also called disguised unemployment.
- 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 (MGNREGS 2005).

Public Sector :- Any sector which is controlled & managed by the government is known as public sector for eg. Indian Railway.

Primary activity: Primary activity includes those occupations which are closely related to man's natural environment such as hunting, fishing, lumbering, animal rearing, farming & mining are some of the important examples of primary activity.

Secondary Activity: The occupations which produce finished goods by using the products of primary activities as raw materials are included in the secondary activity. Manufacturing of cloth from cotton, sugar from sugarcane & steel from iron ore are important examples of secondary activity.

Tertiary Activity: Tertiary activity consists of all service occupations. Transport, communication, trade, health, education & administration are important examples of tertiary activity.

* Question - Answer :-

1. What are primary activities? Explain with examples.

⇒ Primary activity includes those occupation which are closely related to man's natural environment.

• Gathering, hunting, fishing, lumbering, animal rearing, farming & mining are some of important eg. of primary activities.

• It is to understand the concept with the help of an example - Animal rearing or dairy is a primary activity. In this activity, farmers are dependent on the biological process of the animals, & the availability of fodder, etc. The product, milk, is also a natural product.

• The most important feature of primary sector is that it forms the base for all other activities.

2. What are secondary activities? Explain with examples.

⇒ The occupations which produce finished goods by using the products of primary activities as raw materials are included in secondary activity.

• Manufacturing of cloth from cotton, sugar from sugarcane & steel from iron ore are important examples of secondary activities.

4. What is GDP? Who is responsible for collecting data for the GDP in India?
- ⇒ It is the value of goods & services produced also known as support services.
- These activities, by themselves, do not produce a good, but they are an aid or support for the production process. So these are also known as support services.
- These tertiary activities help in the development of the primary & secondary sectors.
- These tertiary activities help in the development of the primary & secondary sectors.
- Examples of tertiary activities: health, education & administration, are important occupations. Transport, communication, trade, etc.
- Tertiary activity consists of all service activities.
3. What are tertiary activities? Explain with eg.
- ⇒ Tertiary activity consists of all service activities. It is a situation in which more workers are working in an activity than required. The people who are actually engaged in such an activity appear to be employed, but are not fully employed.
5. What is disguised unemployment? Explain.
- ⇒ It is a situation in which more workers are working in an activity than required. The people who are actually engaged in such an activity appear to be employed, but are not fully employed.
- ii) For eg., if for the cultivation of one hectare land, 10 workers are required, but instead of 10 workers, 15 workers are working. In this case, 5 workers are disguised unemployed. In such cases, even if the surplus workers are removed, the production will not suffer.
- iii) This type of unemployment is basically found in agriculture.
- iv) This type of unemployment can also be called underemployment because workers perform below their productivity level.

Within a country during a given time period, in India, the mammoth task of measuring the GDP is undertaken by a central government ministry.

• This ministry, with the help of various government departments of all the Indian States & Union Territories, collects information relating to the total volume of goods & services & their prices, & then estimates the GDP.

All these are secondary activities because the final product is to be produced not by nature but has to be made by men & therefore some process of manufacturing is essential.

Let us take an example of cloth. Though the primary product, i.e., cotton is produced by nature, but it cannot be used directly by us in this form. So to convert it into usable form some process of manufacturing is essential. This can be done in a factory or at home with simple tools.

6. Distinguished b/w organised & unorganised sector.
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|--|---|
| Organised sector | Unorganised sector |
| 1) The sector is registered by the government. | 1) The sector is not registered by the government. |
| 2) The terms of employment are regular. | 2) The terms of employment are not regular. |
| 3) The sector is governed by various laws such as the Factories Act, minimum wages Act, etc. | 3) The sector includes a large no. of people who are employed on their own doing small jobs, etc. |
7. Distinguish b/w the public & the private sector.
- | | |
|--|---|
| Public sector | Private sector |
| 1) It is controlled and managed by the government. | 1) It is controlled & managed by an individual or a group of individuals. |
| 2) The main aim of the sector is to earn maximum profits. | 2) The main aim of the sector is to earn maximum profits. |
| 3) The sector provides basic facilities like education, health, food & security to the people. | 3) The sector provides consumer goods to the people. |
| 4) For eg, the Indian rail, ways, the post office & the BSNL. | 4) For eg, the Reliance, TISCO, etc. |

8. What are the objectives of NREGS?
- ⇒ 1) The scheme targets the scheduled castes, scheduled tribes & the poor women, who suffer from poverty.
 - 2) To provide livelihood to the people below the poverty line, this scheme guarantees 100 days of wage employment in a year to every rural household in the country.
 - 3) Under this scheme, the Gram Panchayat after proper verification will register households, & issue job cards to registered households. The job card is the legal document that entitles a person to ask for work under the Act & to get work within 15 days of the demand for work, failing which an unemployment allowance would be payable.
9. What is tertiary sector becoming so important in India? Give at least four reasons.
- ⇒ 1) Basic services → In any country, several services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc., are required. These can be considered as basic services. In a developing country, the government has to take the responsibility for the provision of these services.

As more and more people are being employed to provide the basic services to the people, the share of the tertiary sector in the Gross Domestic Product, the GDP, is increasing.

ii) Development of means of transport & communication:- The development of agriculture & industry leads to the development of services such as transport, communication, trade, etc. All these are under the tertiary sector.

iii) More income more services:- The per capita income in our country is rising. As the income level rises, people demand more services like tourism, shopping centres, schools, professional training centres, banks, etc.

iv) New services:- With modernisation & globalisation, some new services based on information & communication technology have become important & essential. The production of these services has been rising rapidly.

10. What steps should be taken to create more employment? Explain.
 ⇒ i) Diversification of agriculture:- More than 60% of our workers are employed in agriculture. But our farmers are producing only limited crops. There is a need to diversify agriculture. Farmers should be encouraged to adopt

pisciculture, horticulture, animal rearing, etc., along with cultivation of crops.

ii) Cheap credit:- Most of the farmers depend on informal sources of credit, i.e. money lenders, relatives, traders, etc., who charge a very high rate of interest. Government should encourage the commercial banks to provide loans to the farmers at cheaper rates.

iii) Provision of basic facilities:- Our rural areas lack the basic facilities like roads, transport, banking, warehouses, markets, etc. The government should invest some money in these sectors so that the Indian villages can be linked to other markets. This activity can provide productive employment to not just farmers, but also to other such as those in services like transport or trade.

iv) Promotions of local industries & other activities:- Another way to tackle this problem is to identify, promote & locate industries, especially the cottage & small-scale industries in semi-rural areas, where a large number of people may be employed. It also includes setting up a flour or rice mill to procure & process these & sell in the cities. In villages near forest areas, honey collection centres can be started where farmers can come & sell wild honey.

17. Do you agree that agriculture is an activity of the unorganised sector in India. Give any four points.
 ⇒ Yes, Agriculture in India is an activity of the unorganised sector.

- i) Most of the workers working in agriculture are employed only during harvesting & sowing season.
- ii) Most of the workers working in agriculture are employed on ~~manpower~~ farmers & are dependent on ~~manpower~~ & relatives for their loan requirements.
- iii) Agriculture sector faces the problem of underemployment.
- iv) Most of the workers working in agriculture are employed only during harvesting & sowing season.

12. What is Gross Domestic Product? How do we count the various goods & services for calculating Gross Domestic Product? Explain with examples.
 ⇒ We calculate GDP to count value of goods & services. It is the market value of final goods and services produced in a country in a year.

- i) The final value of goods & services produced in a sector is calculated.
- ii) Only the final value of a product or service is taken into account to avoid double counting. For eg. Suppose a farmer sells wheat to a flour mill for ₹80. The mill grinds it

8. sells it to a baker for ₹10 and then baker after converting it into a bread sells to a consumer for ₹20. Here the final product is bread so ₹20 should be added not $₹8 + ₹10 + ₹20 = ₹38$

- iii) Similarly, the final value of products or services produced is calculated.
- iv) The sum total of all the final goods & services produced in all the sectors provide GDP

13. Why is public sector required to provide certain things of reasonable cost?
 ⇒ There are several things needed by the society as a whole like sanitation system, safe drinking water, education, etc. which the private sector will not provide at reasonable cost.

- ii) There are some activities, which the government has to support. The private sector may not continue their production or business unless government encourages it. For eg.:- selling electricity at the cost of generation may push up the costs of production of industries. Many units, especially small-scale units, might have to shut down. Government hear steps in by producing & supplying electricity at rates which these industries can afford.

- * Improvement of working of government:
- i) Citizens should actively participate in the election procedure
 - ii) People should use RTI whenever not satisfied with any government department.

Such areas of the poorest & most ignored regions of the country through increased spending in the duty of the government to take care for the poor & feed a nation. It is also the duty of state drinking water, housing facilities - ability of safe drinking water, housing facilities aspects of human development such as availability of government also need to pay attention to of the world such as the African countries. (S) higher than that of the poorest regions mortality rate of Adsha (87) or M.P. (85) quarter of them are critically ill. The infant India's children are malnourished and a quarter of them are critically ill. The infant

Similarly, we know that nearly half of India's children are malnourished and a quarter of them are critically ill. The infant mortality rate of Adsha (87) or M.P. (85) is higher than that of the poorest regions of the world such as the African countries. Government also need to pay attention to aspects of human development such as availability of safe drinking water, housing facilities - ability of state drinking water, housing facilities for the poor & feed a nation. It is also the duty of the government to take care of the poorest & most ignored regions of the country through increased spending in such areas.

iii) Similarly, the government in India buys wheat & rice from farmers at a 'fata-price'. This it stores in its godowns & sells at a lower price to consumers through ration shops. The government has to bear some of the cost. In this way, the government supports both farmers & consumers.

Government has to bear part of the cost.

14. How are the three sectors of economy interdependent? Explain with five suitable examples.
- i) When we exploit natural resources, it is an activity of the primary sector e.g., agriculture, mining, forestry.
 - ii) The natural resources are changed into other forms through the process of manufacturing, i.e., manufacturing sector uses natural products as its raw materials.
 - iii) All services, that enable us to pursue primary & secondary activities, are listed as tertiary & activities. For e.g., - transport, education, medical services.
 - iv) Primary & secondary activities cannot produce a good unless they are aided by the tertiary sector.
 - v) Service sector does not produce a good for e.g., the internet cafe, ATM booth, call centres are the services required for manufacturing industries etc. Railways, roads are needed to assist agricultural production.

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