

SECTORS OF THE INDIAN ECONOMY

SECTORS

People in society are engaged in various economic activities. Some produce goods where as some produce services. In order to understand these activities people are divided into groups. These groups are called **sector or activity**.

I. Primary sector :

- (a) Those occupations which are closely related to man's natural environment. Hunting, fishing, lumbering, animal rearing, farming and mining are important example of primary activity.
- (b) This sector is also called agricultural and related sector.
- (c) Primary products are the base for all other products that we subsequently make.

II. Secondary sector :

- (a) The occupation which produce finished goods by using the product of primary activity as raw materials are included in secondary activity. e.g. Manufacturing of cloth from cotton, sugar from sugarcane and steel from iron ore etc.
- (b) This sector is related to industries and hence can be called industrial sector.
- (c) The product is not produced by nature.

III. Tertiary sector :

- (a) These are activities that help in the development of primary and secondary sector.
- (b) These activities by themselves do not produce a good but they are an aid or a support for the production process.
- (c) Since these activities generate services rather than goods. They are called service sector. e.g. Transport, storage communication, Banking etc.

Comparing the three sector

1. Intermediate Goods :

Those goods which are sold by one firm to another either for resale or for further processing. e.g. paper sold by a paper mill to a publisher is intermediate goods.

In other words these goods which are with in the boundary line of production. The value of these goods is not include in the national income of a country. Their value is reflected in the value of final goods.

2. Final Goods :

Those goods which are used either for final consumption or for capital formation. These are not resold.

In other words final goods have crossed the boundary line of production and are ready for use by the final users.

3. Double counting :

The counting of the value of a product more than once is called double counting.

Gross Domestic Product : The market value of the final goods and services produced with in the domestic territory of a country during one year.

Importance of the tertiary sector

Factors responsible for the growth of tertiary sector.

1. Basic Services :

In any country several services such as hospitals, school, post and telegraph police station, courts, village, defence, transport, banks etc are required. These can be considered as basic services. The government has to take responsibility for the provision of these services.

2. Development of means of transport and communication :

The development of agriculture and industry leads to the development of services such as transport communication, trade etc. All these under tertiary sector.

3. More income more services :

The per capita income in our country is rising. As income level rises people demand are also rising.

4. New services :

With modernisation and globalisation some new services based on information and communication technology have become important and essential.

Importance of Primary sector

1. The secondary and tertiary sector have failed to create enough job.
2. Even though industrial output or the production of goods went up by eight times during the period, employment in the industry went up by only 2.5 times.
3. More than half of the workers in the country are still working in the primary sector mainly in agriculture, producing only a quarter of the GDP.

Disguised Unemployment

It is a situation in which more workers are working in an activity than required.

How to create more employment.

1. Diversification of Agriculture :

More than 60 % our workers are employed in agriculture but our farmers are producing only limited crops. There is need to diversify agriculture. Farmers should be encouraged to adopt pisciculture, horticulture animal rearing etc. along with cultivation of crop.

2. Cheap Credit :

Most of the farmers depend on informal sources of credit. Government should encourage the commercial banks to provide loans to the farmers at cheaper rates.

3. Provision of basic facilities :

Our rural areas lack basic facilities like roads, transportation, banking, market etc. The government should invest some money in these sectors so that Indian village can be linked to other market. This activity can provide productive employment to not just for farmers but also other such as those in services like transport or trade.

4. Promotion of local industries :

Promote and locate industries especially the cottage and small scale industries in semi rural areas where a large number of people may be employed.

5. Improvement in Education & Health :

Most of the Indian villages lack education and health facilities. A study conducted by the planning commission estimates that nearly 20 lakh job can be created in education sectoral one. Similarly. We need many more doctors, nurses, health workers in rural areas.

National Rural Employment Gurantee Scheme (NREGA)

◆ Main feature of the scheme are :

1. The scheme targets, Scheduled Castes (SC) and scheduled Tribes (ST) and poor women who suffer from poverty.
2. To provide livelihood to the people below the poverty line, gurantees 100 days of wage employments in a year to every household in the country.
3. Under the scheme, the Gram Panachayat after proper verification will register household and issue job cards to registered household.

Division of sector as organised and unorganised

1. Organised sector :

Organised sector covers those enterprises or places of work where the terms of employment are regular and therefore people have assured work. They are registered by the government and have to follow its rules and regulation which are given in various laws such as Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shop and Establishment Act. etc.

◆ Advantages of organised sector :

1. Workers in this sector enjoy security of employment.
2. They work only for fixed numbered of hours. If they work more, they have to be paid overtime by the employer.
3. They also get several other benefits from the employers like paid leave, payment during holidays, provident fund etc.
4. They also get several other benefits and under the laws.
5. The workers working in organised sector also get pension after retirement.

◆ Unorganised sector :

It is a sector which is not registered by the government. It is characterised by small and scattered units, which are largely outside the control of the government. There are rules and regulations but these are not followed.

◆ Disadvantages of unorganised sector :

1. Workers working in unorganised get less wages.
2. There is no provision for overtime, paid leaves, holidays, leaves due to sickness etc.
3. Employment in subject to high degree of insecurity people can be asked to leave without any reason.
4. A large number of people doing small jobs come under unorganised sector.
5. Land-less and causal workers also comes under unorganised sector.
6. People working in unorganised sector are exploited.

Unorganised sector of rural areas

In the rural areas, the unorganised sector comprises mainly of workers in small scale industry, casual workers in construction, trade and transport etc and those who work as street venders, head load workers, garment makers, rag pickers etc.

How to protect workers in the unorganised sector

1. Alternative sources of employment :

This is the best policy, on long term basis, to create ample opportunities of employment in the areas of other than agriculture..

2. Public works Programmes :

Majority of the people get employment during sowing and harvesting periods. For the remaining part of the year they usually remain unemployed. It is necessary to organize the public works programmes to the rural workers throughout the year.

3. Social Security :

The workers of unorganised sector have no social security of job. So there is sincere efforts are needed.

Sector in terms of ownership

On the basis of ownership of resources economic activities can be classified as -

1. Private sector :

It is the sector which is controlled, managed and owned by the individual. e.g. Hindustan lever, Tata Iron & Steel co, Bajaj Auto etc.

2. Public sector :

It is the sector which is controlled, managed and owned by the government e.g. Indian Railway, BHEL, Sindri Fertilizer ltd.

◆ Motivation :

The private sector activities are centred around profit motives and the concept of service is of secondary consideration.

Public sector activities are determined by the social welfare consideration with the motive of providing basic needs of people of the country and the profit motives are secondary consideration.

Role of Governement or Public sector

1. Development of infrastructure :

Development of infrastructure comprising of transport, power communication, basic industries etc. is a precondition of growth. Expenditure on the development of infrastructure is known as social over head costs.

2. Development of backward areas :

The government finds it necessary to start industrial production in these areas on its own.

3. Basic facilities :

Running proper schools and providing education in the duty of the government.

4. Other problems :

There are many other problems like malnourishment, high infant mortality rate, unsafe drinking water etc. Which need special attention. These problems can be solved only with the help of government.

GLOSSARY

1. **Primary Activity** : Those occupation in which are closely related to man's natural environment e.g. gathering hunting, fishing, agriculture etc.
2. **Secondary activity** : The occupation which produce finished goods by using the products of primary activities as raw material. e.g. sugar from sugarcane, manufacturing of cloth from cotton etc.
3. **Tertiary activity** : This activity consists of all service occupations. e.g. transport & communication trade, health, education and administration etc.
4. **Intermediate goods** : Those goods which are sold by one firm to another for resale or for further processing.
5. **Final goods** : They have crossed the boundary line of production and are ready for use by the final users. e.g. cloth, coolers, T.V. etc.
6. **Double counting** : The counting of the value of a product more than once is called double counting.
7. **Gross Domestic Product** : It is the market value of the final goods and services produced within the domestic territory of a country during one year.
8. **Disguised Unemployment** : It is the situation in which more workes are working in an activity than required.
9. **Public sector** : It is the sector which is controlled, managed and owned by the government.
10. **Private sector** : It is owned, controlled and managed by individual or by a group of individuals.

EXERCISE

VERY SHORT ANSWER TYPE QUESTIONS

- Q.1 What are primary activities ? Give two examples.
- Q.2 What are intermediate goods ? Give two examples.
- Q.3 What is double counting ?
- Q.4 What is GDP.
- Q.5 What is disguised employment ?
- Q.6. What are final goods ?
- Q.7 What are basic services ?
- Q.8 What is under employment ?
- Q.9 What is public sector ?
- Q.10 What is private sector ?
- Q.11 What is organised sector ?
- Q.12 What is an unorganised sector ?
- Q.13 State an example each of activity in primary secondary in tertiary sector.
- Q.14 Name some occupations where problem of under employment prevails.
- Q.15 Mention any two long term measures to remove the problem of underemployment in rural area.

SHORT ANSWER TYPE QUESTIONS

- Q.1 What do you understand by disguised unemployment ? How can it be removed ?
- Q.2 In India, the development process has led an increase in the share of the tertiary sector in G.D.P. Do you agree with this statement ? Discuss.
- Q.3 State measures that you feel will help to protect the labourers in the unorganised sector.
- Q.4 How is the tertiary sector different from other sector ? Illustrate with few example.
- Q.5 Is the service sector actually growing ? Substantiate your answer.
- Q.6 Differentiate between public sector and private sector citing examples.
- Q.7 How are the activities in the economy classified on the basis of employment conditions.
- Q.8 Compare the employment conditions prevailing in the organised and unorganised sector.
- Q.9 Distinguish between, final goods and the intermediate goods.
- Q.10 Distinguish between organised and unorganised sector.
- Q.11 Who are the people that work in unorganised sector ?
- Q.12 What are the objectives of NREGA 2005.

LONG ANSWER TYPE QUESTIONS

- Q.1** Why is the tertiary sector becoming so important in India ? Give at least four reasons.
- Q.2** Suggest some ways which can be helpful in creating employment in rural areas.
- Q.3** What are the advantages of working in an organised sector ?
- Q.4** What are the disadvantage of working in an unorganised sector ?
- Q.5** Explain the role of government in public sector.
- Q.6** How to protect workers in an unorganised sector ?
- Q.7** Primary sector is more important than tertiary sector. Discuss.

MULTIPLE CHOICE QUESTIONS

- Q.1** Which sector is the largest employer ?
 (A) Private sector (B) Primary sector
 (C) Public sector (D) Tertiary sector
- Q.2** What are the two sectors of the economics activities on the basis of ownership of resources ?
 (A) Public & Private
 (B) Primary & secondary
 (C) Organised & unorganised
 (D) None of these
- Q.3** Which sector has shown the highest growth rate in India ?
 (A) Primary (B) Secondary
 (C) Tertiary (D) Private
- Q.4** What was the GDP of India in 2003 ? (crore Rs)
 (A) 210000 (B) 150000
 (C) 350000 (D) 270000
- Q.5** Which was the largest producing sector in 1973 ?
 (A) Primary (B) Secondary
 (C) Public (D) Private
- Q.6** Which sector has the lowest share in the year 2003 ?
 (A) Primary (B) Secondary
 (C) Tertiary (D) None of these

- Q.7** What was the share of the primary sector in employment in the year, 1973 ?
(A) 60 % (B) 56 %
(C) 64 % (D) 70 %
- Q.8** Under employment occurs when people -
(A) Do not want to work
(B) are working in a lazy manner
(C) are not paid for their work
(D) Are working less than what they are capable of doing.
- Q.9** Workers in the sector are do not produce goods -
(A) Agricultural (B) Tertiary
(C) Organised (D) None of these
- Q.10** Most of the workers in the sector enjoy job security.
(A) Organised (B) Unorganised
(C) Private (D) None of these

