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CLASS-10TH

(BASED ON N C E R T PATTERN)

DATE:- 22.06.21.

ECONOMICS

Sectors of the Indian Economy

Sectors of Economic Activities

Sector defines a large segment of the economy in which businesses share the same or a related product or service.

When we produce a good by extraction and collection of natural resources, it is known as the primary sector. Eg: Farming, forestry, hunting, fishing and mining.

The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing. It is the next step after primary. Some manufacturing processes are required here. It is also called the industrial sector. For example, using cotton fibre from the plant, we spin yarn and weave cloth. Using sugarcane as raw material, we make sugar or gur.

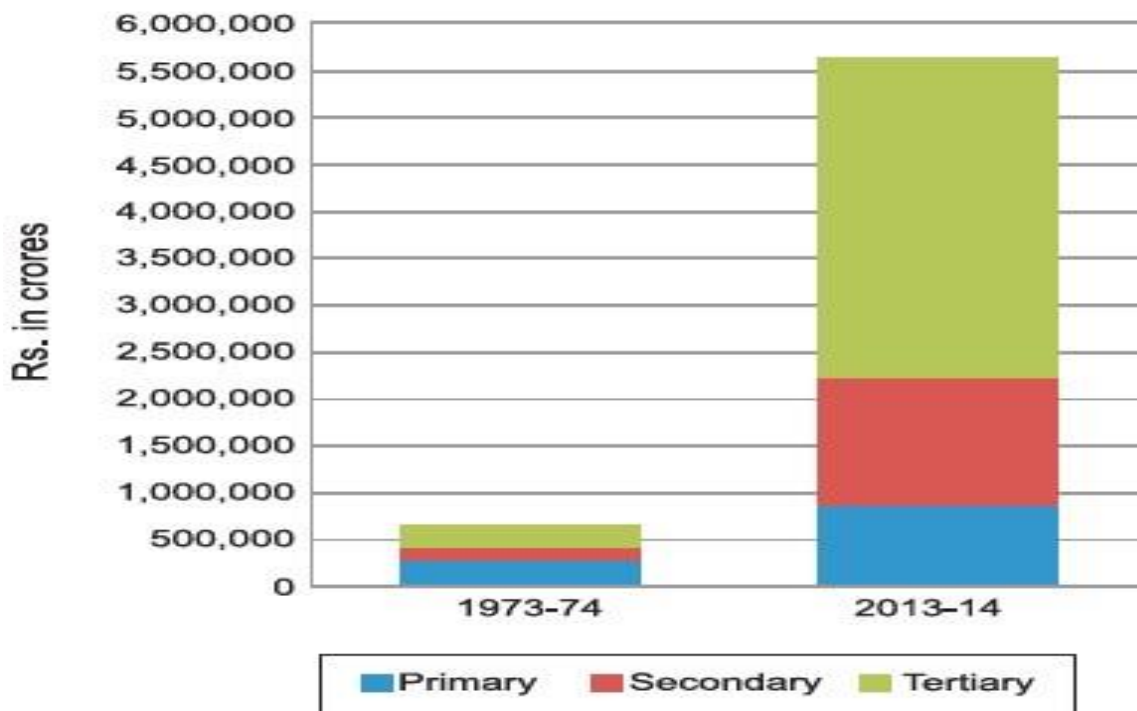
Tertiary sector includes activities that help in the development of the primary and secondary sectors. These activities, by themselves, do not produce a good but they are an aid or support for the production process. It is also called the service sector. Example: Teachers, doctors, washermen, barbers, cobblers, lawyers, call centres, software companies, etc.

Comparing the 3 Sectors

The value of final goods and services produced in each sector during a particular year provides the total production of the sector for that year. The sum of production in the three sectors gives Gross Domestic Product (GDP) of a country. GDP is the value of all final goods and services produced within a country during a particular year. It shows how big the economy is. In India, the task of measuring GDP is undertaken by a central government ministry.

The graph below shows the production of goods and services in the three sectors.

Graph 1 : GDP by Primary, Secondary and Tertiary Sectors



In the year 2013-14, the tertiary sector emerged as the largest producing sector in India, replacing the primary sector. The tertiary sector has become important in India because of the following reasons:

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 considered as basic services and are necessary for all people.

The development of agriculture and industry leads to the development of services such as transport, trade, storage, etc.

With the rise in the income of people, they start demanding more services like eating out, tourism, shopping, private hospitals, private schools, professional training, etc.

Over the past decade, certain new services based on information and communication technology have become important and essential.

Where are Most People Employed

Primary Sector

More than half of the workers in India are working in the primary sector, mainly in agriculture.

It contributes to only a quarter of the GDP.

Secondary Sector

These sectors employ less than half the people as compared to the primary sector.

These sectors produce four-fifths of the product.

Tertiary Sector

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