

**CLASS- 10TH  
ECONOMICS  
CHAPTER-2  
SECTORS OF INDIAN ECONOMY**

**INTRO-** This chapter covers all about economic sectors & activities in detail. It enriches understanding of economic sphere & brings clarity about GDP , interdependence of different economic sectors & issues related to working conditions of workers too.

**TERMS –**

**1. GDP** - Gross Domestic Product is the total value of final goods and services produced in each sector during a particular year. This task is done by CENTRAL GOVERNMENT MINISTRY.

**2. MGNREGA, 2005** - The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005. The mandate of the Act is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work.

**3. DISGUISED UNEMPLOYMENT-** When more than required people are engaged in work , they appear to be employed but actually they aren't.

**CLASSIFICATION OF ECONOMIC ACTIVITIES:**

3 TYPES –

**1. On the basis of Nature of activity-**

- A. Primary Sector
- B. Secondary Sector
- C. Tertiary Sector

**2. On the basis of Conditions of Work -**

- A. Organised Sector
- B. Unorganised Sector

**3. On the basis of Ownership of Assets-**

- A. Public Sector
- B. Private Sector

**PRIMARY SECTOR-**

- A. Production by exploiting natural resources;
- B. Ex. Agriculture, Dairy, Fishing, Forestry etc.
- C. It's also called Agriculture Sector

**SECONDARY SECTOR-**

- A. Natural products are changed into other forms through ways of manufacturing;
- B. Ex. Cloth, Bread , Biscuits etc.
- C. It's also called Industrial sector

**TERTIARY SECTOR:**

- A. Providing services to support production process, it is like an aid to primary and secondary sector;
- B. Ex. Transportation & Banking
- C. It's also called Service Sector

**NOTE - Above mentioned activities are interdependent**

GDP includes value of all FINAL GOODS (Primary & secondary) and SERVICES (Tertiary) produced WITHIN a country during a particular year. GDP shows how big the economy is.

### FINAL GOODS Vs INTERMEDIATE GOODS

- ☆ goods which are used either for final consumption or for capital formation
- ☆ value of final goods is included in the national income
- ☆ Example- television, bread or Bakery products etc.
- ☆ Goods which are used up in producing the final goods and services;
- ☆ value of intermediate good is not included in the national income
- ☆ Example- Flour , Cotton etc.

### ORGANISED SECTOR Vs UNORGANISED SECTOR

ORGANISED SECTOR	UNORGANISED SECTOR
1. Fixed & clear employment terms	1. Units aren't registered & rules aren't followed
2. This sector is governed by various acts	2. This sector isn't governed by any act
3. Govt. rules are strictly followed	3. Govt rules aren't followed
4. Regular monthly salary	4. Daily wages
5. Job security	5. No job security
6. Fixed working hours	6. Working hours aren't fixed
7. Workers are paid for Overtime	7. No paid holidays
8. Facility of Paid Holidays	8. Workers are given very less salary
9. Increments as per the govt norms	9. Increments are rarely given
10. Good working conditions	10. Working conditions are not up to the mark
11. Basic facilities as well as other facilities/ benefits (medical facilities/ compensations / travel leaves ) are ensured	11. Basic facilities & other benefits are totally ignored

### PUBLIC SECTOR Vs PRIVATE SECTOR

PUBLIC SECTOR	PRIVATE SECTOR
1. This sector is owned by government	1. This sector is owned & controlled by Private Individuals/ companies
2. Objective is to serve the citizens of the country	2. Basic objective is to earn profit
3. This sector raises money from Public revenue like tax, duty etc.	3. This sector raises money from issuing shares & debentures or by taking loans
4. Seniority is the basis of promotion	4. Merit is the basis of promotion

## **HISTORICAL CHANGE IN SECTORS-**

1. Primary sector was the most important sector of economic activity
2. As the method of farming changed and agricultural sector became to prosper. It produced much more food than before. Many people could now take up other activities.
3. At this stage, most of the goods produced were natural products from the primary sectors and most people were also employed in this sector
4. Secondary sector gradually became the most important in Total production and Employment with new methods of manufacturing.
5. In the past 100 years, there has been further shift from secondary to tertiary sector in developed countries. The service sector has become the most important in terms of total production. Most of the working people are also employed in service sector.

## **RISING IMPORTANCE OF TERTIARY SECTOR/ CAUSES FOR THE GROWTH OF SERVICE SECTOR:**

1. **PROVIDER OF BASIC SERVICES-** it provides all the basic services such as hospitals , educational institutions, post and telegraph services, police station, courts, village administrative officers, defence, transport , banks etc.
2. **INTERDEPENDENCE OF DIFFERENT SECTORS:** the development of agriculture and industry led to development of services
3. **RISE IN INCOME:** As more people are rising their income , so are demanding more facilities/ services
4. **CONCEPT OF WELFARE STATE :** It has increased the expectations of people from the government & other bodies
5. **GLOBALISATION:** It has integrated the markets & attracted lots of people for the jobs
6. **DEVELOPMENT OF IT & CT:** It has also made flow of information easy & new ideas have revolutionized economic activities

## **NOTE- service sector employs two kinds of people-**

1. Highly skilled and educated workers
2. Large number of workers are engaged in small jobs

## **HOW TO CREATE MORE EMPLOYMENT?**

1. Loans at cheap rate be provided
2. Transportation & storage facilities to be available
3. School should be established in all rural areas
4. Health care services should be improved by opening dispensaries & hospitals
5. Tourism, regional craft Industry & IT should also be encouraged for easy flow of information & people