

## Sectors of the Indian Economy

- For the growth of the cotton plant, we depend mainly, but not entirely, on natural factors like rainfall, sunshine and climate.
- **Milk** is a natural product
- **Cotton**, is a natural product
- **Minerals and ores** are also natural products
- The economic activities are divided into three sectors: **primary, secondary, tertiary**, based on the nature of activity
- When we produce a good by exploiting natural resources, it is an activity of the **primary sector**
- The name '**primary**' because it forms the **base for all other products** that we subsequently make.
- Since most of the **natural products** we get are from **agriculture, dairy, fishing, forestry**, this sector is also called **agriculture and related sector**.
- **Secondary sector** covers activities in which **natural products** are changed into **other forms** through ways of **manufacturing** that we associate with **industrial** activity.
- The **products of secondary sector** are **not produced by nature** but has to be made and therefore some **process of manufacturing is essential**.
- Using **cotton fibre** from the plant, we **spin yarn** and **weave cloth**.
- Using **sugarcane** as a raw material, we make **sugar** or **gur**
- Since **Secondary sector** gradually became **associated with the different kinds of industries** that came up, it is also called as **industrial sector**
- **Tertiary sector** is different from primary & secondary. These are **activities that help in the development of the primary and secondary sectors**

- Activities in **Tertiary Sector** generate services rather than goods, the tertiary sector is also called the service sector.
- Tailor; Basket weaver; Flower cultivator; Milk vendor; Fishermen; Priest; Courier; Workers in match factory; Moneylender; Gardener Potter Bee-keeper Astronaut; Call centre employee
- 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
- **Sum of production in the three sectors** gives what is called the **Gross Domestic Product (GDP)** of a country.
- It is the **value of all final goods and services produced within a country during a particular year**.
- **GDP** shows how **big** the **economy** is.
- In the year 2013-14, the **tertiary sector** has emerged as the **largest producing sector in India** replacing the primary sector
- 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**.
- The **primary sector** is the **largest employer** of India
- **More than half** of the workers in the country are working in the primary sector, mainly in **agriculture**, producing **only about one sixth of the GDP**
- Workers in the **agricultural sector** are **underemployed**
- **Underemployment** is This is the situation of underemployment, where people are apparently working but all of them are made to work less than their potential. This kind of underemployment is hidden in contrast to someone who does not

have a job and is clearly visible as unemployed. Hence, it is also called disguised unemployment.

- The Planning Commission is now known as **NITI Aayog**
- **MGNREGA 2005** is the law implementing the Right to Work in about 625 districts of India.
- It is called Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005) Under MGNREGA 2005, all those who are able to, and are in need of, work in rural areas are guaranteed 100 days of employment in a year by the government. If the government fails in its duty to provide employment, it will give unemployment allowances to the people.
- Based on the **nature of employment**, the economic activities are divided into: **Organized & Unorganized**
- Organised sector covers those enterprises or places of work where the terms of **employment are regular** and therefore, people have **assured work**.
- People working in organized sector are **registered by the government** and have to follow its rules and regulations which are given in various laws such as the Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishments Act etc.
- They are called **organised**, because it has some formal processes and procedures
- Workers in the organised sector enjoy **security** of employment. They are expected to work only a **fixed number of hours**. If they work more, they have to be **paid overtime** by the employer. They also get several other benefits from the employers.
- They get paid leave, payment during holidays, provident fund, gratuity etc. They are supposed to get medical benefits and, under the laws, the factory manager

has to ensure facilities like drinking water and a safe working environment. When they retire, these workers get pensions as well.

- The **unorganised sector** 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.** Jobs here are **low-paid** and often **not regular**. There is no provision for overtime, paid leave, holidays, leave due to sickness etc. Employment is **not secure**. People can be asked to leave without any reason. When there is less work, such as during some seasons, some people may be asked to leave. A lot also depends on the **whims of the employer**. This sector includes a large number of people who are employed on their own doing small jobs such as selling on the street or doing repair work. Similarly, farmers work on their own and hire labourers as and when they require
- The economic activities are classified into **Public and Private Sectors** based on who owns assets and is responsible for the delivery of services. In the public sector, the government owns most of the assets and provides all the services. In the private sector, **ownership** of assets and delivery of services is **in the hands of private individuals or companies**.
- **Railways or post office** is an example of the public sector whereas companies like Tata Iron and Steel Company Limited (TISCO) or Reliance Industries Limited (RIL) are privately owned.
- Activities in the **private sector** are guided by the **motive to earn profits**
- The purpose of the public sector is not just to earn profits. Governments raise money through taxes and other ways to meet expenses on the services rendered by it

- There are some activities, which the government has to support. The private sector may not continue their production or business unless government encourages it.
- There are a large number of activities which are the primary responsibility of the government. The government must spend on these. Providing **health** and **education** facilities for all is one example
- India's size of **illiterate** population is one of the largest in the world
- Nearly **half of India's children** are **malnourished** and a **quarter** of them are critically ill.
- The **infant mortality rate** of **Odisha** (41) or **Madhya Pradesh** (47) is higher than some of the poorest regions of the world
- Government also needs to pay attention to aspects of human development such as availability of safe drinking water, housing facilities for the poor and food and nutrition. It is also the duty of the government to take care of the poorest and most ignored regions of the country through increased spending in such areas.
- The data for India, for the last thirty years, shows that while goods and services produced in the tertiary sector contribute the most to GDP, the employment remains in the primary sector