

JAIB IE & IFS Module A (Unit 2- Sectors Of Indian Economy)

Sectors of the Indian Economy

- Economic activities in an economy are usually classified into three major sectors, and economies achieve development via their dominance in such areas.
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- Primary Sector: This sector includes all those economic activities where there is the direct use of natural resources as agriculture, forestry, fishing, fuels, metals, minerals, etc. An agrarian economy exists when the agriculture sector (one of the key sectors) provides at least 50 per cent of a country's national revenue and livelihood. Primary sector constitutes
 - (a) agriculture,
 - (b) forestry, and
 - (c) fishing
- Secondary Sector: It includes all economic activities that involve the processing of raw materials extracted from the primary sector also called industrial sector. Manufacturing, one of its sub-sectors, has proven to be the largest employer in the Western developed economies. An industrial economy is one, in which, the secondary sector generates at least half of a country's national GDP and employment.
- Tertiary Sector: This sector includes all economic activities that produce services, such as education, healthcare, banking, communication, and so on. A service-based economy exists when this sector generates at least half of a country's national income and livelihood. Along with these 3 main sectors, the quaternary and quinary sectors have been introduced. In a broader sense, they are tertiary sector subsectors.
- Quaternary Sector: Also known as the 'knowledge' sector. This category includes activities such as teaching, research, and development. The sector is by far the most important in assessing the strength of an economy's human resources. The intellectual aspect of the economy is represented by the quaternary sector. This group includes employees in office buildings, elementary schools and university classrooms, hospitals and physicians' offices, theatres, accountancy and brokerage businesses, and so on.
- Quinary Sector: It includes activities in which key choices are made. It includes the highest level of decision makers in governments (including their bureaucracy) and the private corporate sector. The number of people participating in this sector is quite small, yet they are regarded the "brain" behind an economy's socioeconomic performance. This group includes occupations such as senior company executives, government officials, research scientists, financial and legal advisors, and others.

DIFFERENCE BETWEEN THE SECTORS

| Primary Sector | Secondary Sector | Tertiary Sector |
|--|--|---|
| Agriculture, forestry, and mining are examples of activities in this sector | Manufacturing units, small-scale units, major enterprises, and global organisations are all included | This sector involves banking, insurance, and communications |
| Known as agriculture and associated services | The industrial and manufacturing sector is often known as the manufacturing sector | Known as the service sector |
| Provides raw materials for the production of goods and services | Transforms one good into another by value addition to it | Offers valuable services to the primary and secondary sectors |
| Unorganised and most of the times employs old methods | Organised and employs more efficient production methods | It is well-organised and use advanced logistics techniques to carry out its tasks |
| In most developing economies, such as India, this sector employs a large proportion of the workforce, compared to developed countries. | Since this sector requires a particular set of talents, the employment rate is in equilibrium. | This sector's employment share has risen dramatically in recent years |

INDUSTRY

- The industrial sector is equally vital, since it promotes economic growth, provides self-sufficiency and employment, generates demand for agricultural commodities and produces a 'ripple effect.'
- India's industrial sector is divided into four sub-sectors namely
 - Mining and quarrying
 - Manufacturing
 - Power, Gas, Water supply, and other utility services, and
 - Construction.

EMPLOYMENT GROWTH RATE IN SECONDARY SECTOR

- The following table taken from NCERT website of Government of India gives a comparative understanding of the employment pattern.

| Industrial Category | Rural place of residence | Urban place of residence | Male | Female | Total |
|---------------------|--------------------------|--------------------------|------|--------|-------|
| Primary | 66.6 | 9 | 43.6 | 62.8 | 48.9 |
| Secondary | 16 | 31 | 25.9 | 20 | 24.3 |
| Service/Tertiary | 17.4 | 60 | 30.5 | 17.2 | 26.8 |
| | 100 | 100 | 100 | 100 | 100 |

SUNRISE SECTOR OF INDIAN ECONOMY

- A sunrise sector is one that is still in its infancy, but has the potential for significant growth.
- The sector is often characterised by strong growth rates, a high degree of innovation, and a high level of public awareness, with investors attracted to its long-term growth prospects.
- Existing Indian industries that may be categorised as Sunrise sectors are likely to benefit the economy in terms of job creation and business growth, in the future.

Green Energy, Fintech, Information Technology, Electronics, Pharmaceuticals, Automobiles, Healthcare, Infrastructure Sector, Retail Sector, Processing Plants, and other emerging sectors of the Indian economy are part of the Sunrise Sector.

Difference between Organised and Unorganised sectors

| Basis for Comparison | Organised sector | Unorganised sector |
|----------------------|--|---|
| Meaning | It is a sector where the employment terms are fixed and regular, and the employees get assured work. | The unorganised sector is characterised by small and scattered units, which are largely not registered with the government. |
| Governed by | Various acts like Factories Act, Bonus Act, PF Act, Minimum Wages Act, etc. | Not governed by any act. |
| Government rules | Strictly followed | Not strictly followed |
| Remuneration | Regular monthly salary | Daily wages |

| Basis for Comparison | Organised sector | Unorganised sector |
|--|---|---|
| Job security | Yes, workers enjoy the security of employment | No, employment is not secure. People can be asked to leave without any reason |
| Working hours | Fixed | Not fixed |
| Salary of workers | As prescribed by the government | Less than the salary prescribed by the government |
| Contribution to Provident fund by the employer | Yes | No |
| Increment in salary | Once in a while | Rarely |
| Benefits and perquisites | Employees get add-on benefits like medical facilities, pension, leave travel compensation, etc. | Not provided |
| Examples | Examples: Government employees, registered industrial workers, etc. | Examples: Shop keeping, Farming, Domestic works, etc. |

Q1. Which of the following best describes the key characteristics of an agrarian economy?

- (a) An agrarian economy is one where agriculture and related activities such as forestry and fishing contribute a significant portion of the national income and employment, with agriculture being the dominant sector.
- (b) An agrarian economy focuses on manufacturing industries and relies heavily on high-tech industries like software development and finance.
- (c) An agrarian economy involves only industrial activities, with little to no emphasis on the primary sector like agriculture or natural resource extraction.
- (d) An agrarian economy relies solely on the trade of agricultural products and does not engage in the production or extraction of raw materials.

Ans.(a)

Q2. Which of the following is a primary characteristic of the power, gas, and water supply sub-sector in the industrial sector?

- (a) It focuses mainly on providing services related to financial markets and trade.
- (b) It deals with the extraction of raw materials for manufacturing purposes.
- (c) It supplies essential utilities like electricity, water, and gas to support both the industrial and residential sectors.
- (d) It focuses only on building construction and infrastructure development.

Ans.(c)

Q3. Which of the following best describes the characteristics of a sunrise sector in the context of the Indian economy?

- (a) A sunrise sector is one that is already well-established, with stable growth and minimal potential for innovation, making it a mature industry with limited future prospects.
- (b) A sunrise sector is an emerging industry that is in its early stages but holds significant potential for growth, innovation, and attracting long-term investments, contributing to job creation and business development in the future.
- (c) A sunrise sector is focused primarily on industries such as agriculture, where growth is slow and innovation is minimal.
- (d) A sunrise sector is an industry that has already peaked in terms of growth and is primarily focused on reducing employment and minimizing business risks.

Ans.(b)

Q4. Which of the following best describes the relationship between the Primary Sector and the Secondary Sector of the economy?

- (a) The Primary Sector produces raw materials, such as agricultural products and natural resources, which are then processed and manufactured into finished goods in the Secondary Sector.
- (b) The Primary Sector and Secondary Sector are independent and do not rely on each other for economic growth.
- (c) The Secondary Sector produces raw materials, which are then used by the Primary Sector for agricultural activities.

(d) The Primary Sector is focused solely on the services industry, while the Secondary Sector focuses on raw material extraction.

Ans.(a)

Q5. Which of the following is characteristic of the organised sector?

- (a) Employees have unstable work terms and no social security.
- (b) Job terms are fixed, regular, and employees have guaranteed work.
- (c) It only includes informal businesses like street vendors.
- (d) Employees work without any government regulation.

Ans.(b)

Q6. Which of the following types of businesses are part of the organised sector?

- (a) Small street markets and unregistered shops.
- (b) Manufacturing units, schools, and government-licensed stores.
- (c) Family-owned businesses and informal retail stores.
- (d) Local informal clinics and roadside food vendors.

Ans.(b)

Q7. How does the unemployment rate in the organised sector compare to the unorganised sector?

- (a) The organised sector has higher unemployment than the unorganised sector.
- (b) The organised sector has lower unemployment than the unorganised sector.
- (c) Both sectors have the same level of unemployment.
- (d) The organised sector does not have any unemployment.

Ans.(b)

