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SECTORS OF INDIAN ECONOMY

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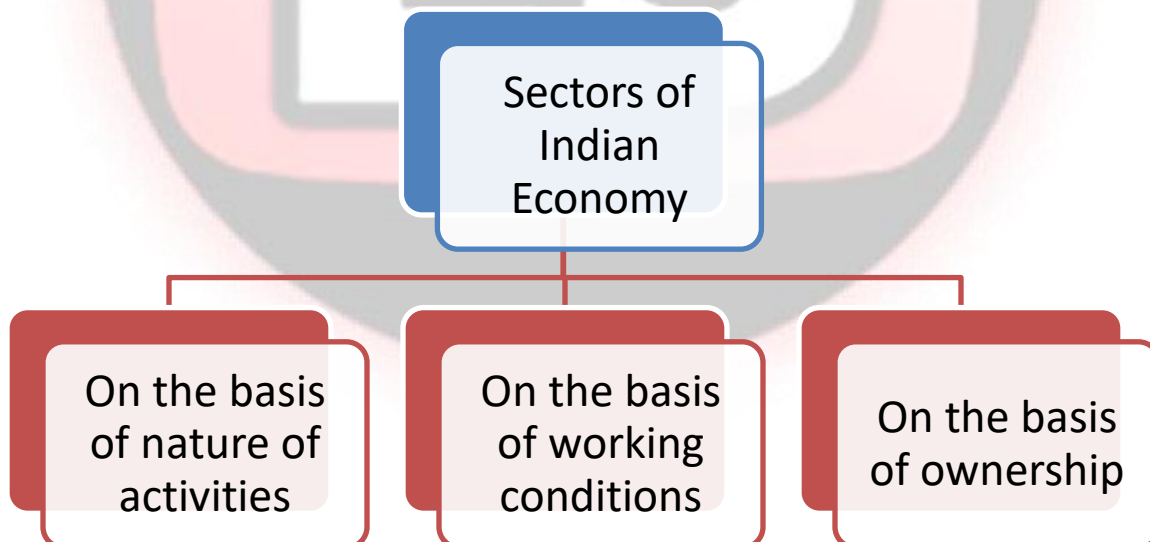
SECTORS OF THE INDIAN ECONOMY

ECONOMY

- An economy is system which provides people means of work and earn.
- An economy is an area of the production, distribution and trade, as well as consumption of goods and services.

SECTORS OF THE INDIAN ECONOMY

The Indian economy can be classified into various sectors on the basis of ownership, working conditions and the nature of the activities.



On The Basis Of Nature Of Activities



Primary Sector



Secondary Sector



Tertiary Sector

PRIMARY SECTOR

- This sector includes all those economic activities where there is the direct use of natural resources as agriculture, forestry, fishing etc.
- It is called so because it forms the base for all other products. Since most of the natural products we get are from agriculture, dairy, forestry, fishing.

Agriculture and allied activities

- Farming and its various forms fall under the primary sector.
- Raising livestock and growing crops represent the development and cultivation of raw materials.

Fishery

Commercial fishing is a primary sector job where fishers catch and sell fish.

Forestry

The forestry industry harvests trees from forests or tree farms. This provides the raw materials required for the production of wood for use by various secondary and tertiary sector businesses.

Mining

A mining company extracts metals and other raw materials from the earth and methods of mining can vary depending on the raw materials a company extracts.

Hunting

It is the process of killing animals for their meat, hides and other products to sell as raw materials to other industries.

Secondary Sector

- It includes all economic activities that involve the processing of raw materials extracted from the primary sector also called industrial sector.
- Since this sector is associated with different kinds of industries, it is also called industrial sector.

- Secondary sector businesses purchase raw materials from primary sector businesses. After manufacturing, secondary sector companies may sell directly to consumers or tertiary sector businesses.

The secondary sector includes the following business activities:

- Automobile production.
- Textile.
- Chemical engineering.
- Shipbuilding.
- Energy utilities.
- Factories producing steel, chemicals, plastic, car.

Tertiary Sector

- This sector includes all economic activities that produce services, such as education, healthcare, banking, communication, and so on.
- A primary sector company may also act as a consumer for a tertiary sector company, purchasing products from a tertiary sector provider to fulfil their resource extraction work.

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 includes the education, consultancy services, information technology and research industries.

Quinary Sector

- It includes activities in which key choices are made. It includes the highest level of decision makers in governments 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, financial and legal advisors, and others.

DIFFERENCE BETWEEN THE SECTORS

The differences in activities are the foundations of their classification. The following are some of the most significant variations.

Primary Sector	Secondary Sector	Tertiary Sector
Agriculture and allied activities	Manufacturing Sector	Service Sector
Raw material	Processing of materials	Distribution
Unorganized	Organized	Organized

On The Basis of Working Conditions



Organised Sector



Unorganised Sector

ORGANISED SECTOR

- The organised sector is one in which the job terms are fixed and regular, and the employees are guaranteed work.
- The organised sector comprises manufacturing, enterprise, business, school, hospital, and unit registered with the government.

UNORGANISED SECTOR

- In unorganised sectors employment terms are not defined and regular, and enterprises are not registered with the government.
- Construction workers, domestic workers, street workers, and those operating in tiny workshops unaffiliated with the government are all part of the unorganised sector.
- The unorganised sector uses mainly labour intensive and indigenous technology.

On The Basis of Ownership



Public Sector



Private Sector

PUBLIC SECTOR

- In the sector, government owns most of the assets and it is the part of the economy concerned with providing various governmental services.
- The purpose of the public sector is welfare of society.

- Governments raise money through taxes and other ways to meet expenses on the services rendered by it.

PRIVATE SECTOR

- In the private sector, ownership of assets and delivery of services is in the hands of private individuals or companies.
- Activities in the private sector are guided by the motive to earn profits. To get such services we have to pay money to these individuals and companies.

IMPORTANT SECTORS OF INDIAN ECONOMY

AGRICULTURE

- Agriculture has always been the most significant sector in India. It is not only the largest sector, but also the biggest private sector.
- This is the main unorganised sector of the economy, accounting for more than 90 per cent of all unorganised labour.
- Agriculture's share of the country's gross income has been declining, while the industrial and service sectors' shares have been steadily increasing.
- Despite all these structural changes, agriculture remains a critical sector, offering employment and livelihood opportunities to a large segment of the population.

Agriculture contribution in economy has decreased from nearly 51.8 per cent in 1950-51 to 18.6 per cent in 2021-22.



Government of India Report of 2020-21 by Ministry of Agriculture & Farmers' Welfare

"Agriculture plays a vital role in India's economy. 54.6% of the total workforce is engaged in agricultural and allied sector activities (Census 2011) and accounts for 17.8% of the country's Gross Value Added (GVA) for the year 2019-20 (at current prices).

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.'
- **Industry's contribution has increased from nearly 14.2 per cent in 1950-51 to 29 per cent in 2021-22. India's industrial sector is divided into four sub-sectors**
- Manufacturing
- Mining and quarrying
- Construction
- Power, Gas, Water supply, and other utility services

Manufacturing

Manufacturing accounts for roughly 18 per cent of total gross value added (GVA),

Construction

Construction accounts for around 8 per cent of total GVA.



Mining and quarrying

Mining and quarrying accounts for around approximately 3 per cent.

Power, Gas, Water supply, and other utility services accounts for around approximately 2 per cent.

CORE INDUSTRY

Core industry of an economy are the main or the key industries in the economy. In India there are 8 core industries.

- Refinery Products
- Electricity
- Natural Gas
- Crude Oil
- Fertilisers
- Cement
- Steel
- Coal

SUNRISE INDUSTRY

- Sunrise industry is a term used for a sector that is just in its infancy but shows promise of a rapid boom.
- The industry is typically characterized by high growth rates, high degree of innovation and generally has plenty of public awareness about the sector and investors get attracted to its long-term growth prospects.

Existing Indian sectors that can be termed as Sunrise sectors and likely to hold us in good stead in the future in terms of employment generation and business growth are.

- Information Technology
- Telecom Sector
- Healthcare
- Infrastructure Sector
- Retail Sector
- Food Processing Industries
- Fisheries

SERVICES

- The sector produces "intangible or invisible goods" for businesses as well as consumers.
- Trade, repairs, hotels and restaurants, transport, storage, communication and broadcasting services, railways, are all a part of the services.

The services sector's proportion has increased from 33 per cent in 1950 to 53 per cent in 2021-22.

GDP CONTRIBUTION OF DIFFERENT SECTORS

- By the late 1990s, India had transitioned from agricultural dominance to services supremacy, with services-accounting for over half of her national GDP.

Contribution of different sectors to the economy (by percentage)

Year	Agriculture	Industry	Services
1950-51	51.8	14.2	33.3
1960-61	42.6	19.3	38.3
1970-71	42.0	20.5	37.2
1980-81	35.6	24.3	39.9
1990-91	29.0	26.5	44.2
2000-01	23.0	26.0	51.0
2010-11	18.2	27.2	54.6
2019-20	18.3	26.9	54.8
2020-21	20.0	26.9	53.1
2021-22	18.6	28.6	52.8