

**Atomic Energy Central Schools  
CBSE Class 10 Social Science**

**Economics: Chapter – 2  
SECTORS OF THE INDIAN ECONOMY  
HANDOUT FOR MODULE 1 / 2**

Reference : NCERT Economics Text Book

**SECTORS OF ECONOMIC ACTIVITIES:**

1. There are many activities that are undertaken by directly using natural resources.
2. For example, the cultivation of cotton. It takes place within a crop season.
3. When we produce a good by exploiting the natural resources, it is an activity of primary sector.
4. This is because it forms the base for all other products that we subsequently make.
5. Since most of the natural products we get are from agriculture, dairy, fishing, forestry, this sector is also called agriculture and related sector.
6. The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that we associate with industrial activity. It is the next step after the primary.
7. Secondary sector gradually becomes associated with the different kinds of industries that come up, it is called as industrial sector.
8. After primary and secondary, there is a third category of activities that fall under tertiary sector and is different from the above two. These are activities that help in the development of the primary and the secondary sector.
9. Transport, storage, communication, banking, trade are some examples of the tertiary sector. Since these activities generate services rather than goods, the tertiary sector is also called the service sector.

**COMPARING THE THREE SECTORS:**

1. The various production activities in the primary, secondary and tertiary sectors produce a very large number of goods and services.
2. Also, the three sectors have a large number of people working in them to produce these goods and services.
3. There is one precaution one has to take. Not every good that is produced and sold also needs to be counted.
4. It makes sense only to count final goods and services.
5. For instance, a farmer who sells wheat to a flour mill for Rs. 8 per Kg. The mill grinds the wheat and sells the flour to a biscuit company for Rs. 10 per Kg.
6. Intermediate goods are used up in producing final goods and services. The value of final goods that are used in making the final goods.
7. 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.

8. The sum of production in the three sectors gives what is called Gross Domestic Product (GDP) of the country.

9. 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.

### **PRIMARY, SECONDARY AND TERTIARY SECTORS IN INDIA:**

1. Over the forty years between 1971-72 and 2011-12, while production in all the three sectors has increased, it has increased the most in the tertiary sector.

2. As a result, in the year 2011-12 the tertiary sector has emerged as the largest producing sector in India, replacing the primary sector.

3. There could be several reasons why tertiary sector is becoming so important in India.

(i) First, in any country several services such as hospitals, educational institutions, post and telegraph services etc. are required. These can be considered as basic services. In a developing country, the government has to take responsibility for the provision of these services.

(ii) Second, the development of agriculture and industry leads to the development of services such as transport, trade, storage and the like, as we have already seen.

(iii) Third, as income levels rise, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospital, private school.

(iv) Fourth, over the past decade or so, certain new services such as those based on information and communication technology have become important and essential