

TYBA COACHING CENTRE

CHAPTER 2: SECTORS OF THE INDIAN ECONOMY

Class 10 Economics | Complete Easy-English Notes

COMPLETE CHAPTER NOTES

Written in easy English for classroom teaching, self-study and exam revision.

Study method: Read each topic, learn the key terms, practise the model answers, and then attempt the revision questions without looking.

Prepared for students of TYBA Coaching Centre

1. Meaning of Economic Activities and Sectors

Economic activities are activities through which people earn money or produce goods and services. Examples include farming, making clothes, teaching, driving a bus and treating patients. The economy can be divided into sectors to understand the different kinds of work people do.

2. Primary, Secondary and Tertiary Sectors

Primary sector: It uses natural resources directly. Examples are farming, fishing, forestry, mining and animal husbandry. Many activities in this sector depend on nature.

Secondary sector: It changes natural products into other goods. Examples are turning cotton into cloth, sugarcane into sugar, and wood into furniture. Manufacturing and construction are included.

Tertiary sector: It provides services instead of producing a physical good directly. Examples are transport, banking, teaching, health care, communication, trade, repair work and tourism. It is also called the service sector.

The sectors depend on one another. A farmer grows cotton, a factory makes cloth, and transporters and shopkeepers help sell it.

3. Comparing the Sectors

The primary sector supplies raw materials. The secondary sector converts raw materials into finished goods. The tertiary sector supports production and daily life through services. For example, to produce and sell bread, farmers grow wheat, a mill turns wheat into flour, a bakery makes bread, and transporters and shops deliver it to customers.

4. Gross Domestic Product (GDP)

GDP is the total value of all final goods and services produced within a country during a given period, usually one year. Only final goods and services are counted to avoid counting the same value more than once.

For example, the value of wheat may be included in the price of bread. If we count the wheat and then count the full price of bread again, we may double-count part of the value. GDP helps us understand the size and growth of an economy.

The contribution of each sector to GDP can change over time. In India, services have become a major part of the economy.

5. Why Has the Tertiary Sector Grown?

The tertiary sector has grown for several reasons. Basic services such as hospitals, schools, banks, police and transport are needed in every country. As income rises, people demand more services such as tourism, restaurants, shopping and private education. Agriculture and industry also need services such as storage, transport, communication and banking. Information technology and communication have created new kinds of services.

6. Employment and the Sectors

A sector's contribution to GDP and its share of employment may be different. A sector can produce a large amount of value with fewer workers, while another sector may employ many people but produce less value per worker.

In India, a large number of people depend on agriculture, even though agriculture's share in GDP is lower than its share in employment. This suggests that many workers in agriculture earn low incomes or do not have enough productive work.

7. Underemployment or Disguised Unemployment

Underemployment happens when people are working but their work does not use their full ability or time. Disguised unemployment is a common form of underemployment. It occurs when more people are working on a job than are actually needed.

Example: A small farm needs only three workers, but five family members work on it. If two workers leave and farm output does not fall, those two workers were disguisedly unemployed. They could be employed in another productive activity.

It is different from open unemployment, where a person who wants to work cannot find a job.

8. Creating More Employment

More employment can be created by improving irrigation, building roads, providing storage facilities, supporting small industries, opening schools and health centres, improving public transport and offering skill training. Rural areas may gain jobs through food processing, dairy, poultry, tourism and repair services.

Government programmes that provide wage employment can support rural households. However, long-term job creation also requires productive investment, useful skills and stable demand for goods and services.

9. Organised and Unorganised Sectors

Organised sector: Workplaces are generally registered and follow government rules. Workers may receive regular wages, fixed working hours, paid leave and other benefits, depending on the job and law.

Unorganised sector: Workplaces are often small or not fully regulated. Workers may face irregular income, long hours, unsafe conditions and little job security. Examples can include casual labourers, street vendors and some small workshops.

Workers in the unorganised sector often need protection through fair wages, safe conditions, access to health care and social security.

10. Public and Private Sectors

Public sector: The government owns or controls the organisation. Examples include government schools, public hospitals and many government transport or power services. Public sector organisations often provide essential services that private businesses may not provide equally to all.

Private sector: Individuals or companies own and run the organisation. Examples include private shops, factories, restaurants and many private schools. Their main aim is often to earn profit.

Both sectors are important. Governments may provide essential services and regulate businesses, while private firms can produce goods, provide services and create jobs.

Key Terms

Primary sector: Uses natural resources directly. | Secondary sector: Changes raw materials into goods. | Tertiary sector: Provides services. | GDP: Value of final goods and services produced within a country in a period. | Underemployment: People work below their capacity or for less time than they want. | Disguised unemployment: More workers are engaged than needed. | Organised sector: Workplaces that generally follow formal rules. | Public sector: Government-owned or controlled sector.

Exam-Ready Questions and Answers

Q1. Explain the three sectors with examples. (5 marks)

The primary sector uses natural resources, such as farming and fishing. The secondary sector changes raw materials into goods, such as making cloth from cotton. The tertiary sector provides services, such as transport, banking and teaching. The sectors depend on one another.

Q2. What is GDP? Why are only final goods counted? (3 marks)

GDP is the total value of all final goods and services produced within a country in a year. Only final goods are counted to avoid double-counting the value of raw materials used to make other goods.

Q3. Why has the tertiary sector become important in India? (5 marks)

People need basic services such as education, health, banking and transport. Higher incomes increase demand for services. Agriculture and industry also depend on transport, storage, communication and banking. Growth in information technology has created more services.

Q4. What is disguised unemployment? Explain with an example. (3 marks)

It occurs when more people work on a task than are needed. If a farm needs three workers but five family members work on it, and output does not fall when two leave, the two extra workers are disguisedly unemployed.

Q5. Suggest ways to create employment in rural areas. (5 marks)

Improve irrigation, roads, storage and transport; support small industries and food processing; provide skill training; develop dairy, poultry and tourism; and invest in schools and health centres. These steps can create jobs outside farming too.

Q6. Differentiate between organised and unorganised sectors. (3 marks)

The organised sector generally follows formal rules and provides more regular work conditions. The unorganised sector often has irregular wages, less job security and fewer benefits. Examples include a registered office and a casual daily-wage job.

Q7. Differentiate between public and private sectors. (3 marks)

The public sector is owned or controlled by the government and often provides essential services. The private sector is owned by individuals or companies and usually aims to earn profit. Both can provide goods, services and jobs.

Quick Revision / Practice

- Primary = natural resources; Secondary = manufacturing; Tertiary = services.
- GDP counts final goods and services produced within a country.
- Services support farming, industry and daily life.
- Disguised unemployment means extra workers do not add to output.
- Organised work usually has formal rules; unorganised work often has less security.
- Public sector = government; private sector = individuals/companies.

MCQs:

1. Fishing belongs to: (a) primary (b) secondary (c) tertiary (d) none. Answer: (a)
2. Banking belongs to: (a) primary (b) secondary (c) tertiary (d) agriculture. Answer: (c)
3. GDP counts: (a) only raw materials (b) final goods and services (c) imports only (d) only farm goods.
Answer: (b)
4. Extra workers on a farm without extra output show: (a) inflation (b) disguised unemployment (c) exports (d) investment. Answer: (b)

Final Exam Tip: Write the meaning first, explain each point in a separate sentence, and add a simple example wherever possible.