

CBSE • CLASS 10 • SOCIAL SCIENCE

ECONOMICS

CHAPTER 02

Sectors of the Indian Economy



CHAPTER NOTES



PRIMARY AND SECONDARY SECTORS

Economic activities produce goods or services. We group them into sectors to understand the economy.

Primary sector

- Activities use natural resources directly. Agriculture depends on natural processes such as the growth of crops.
- Examples: farming, dairy, fishing, forestry and mining. This is also called the agriculture and related sector.

Simple production links



Sugarcane farming



Sugar manufacturing



Cotton farming



Cloth manufacturing

Secondary sector

- Activities change raw materials from the primary sector into other products. Manufacturing may take place in factories, workshops or homes.
- Examples: sugarcane into sugar or gur, cotton into cloth, and earth into bricks. This is also called the industrial sector.

Classify the activity by what it does, not by where the worker lives.

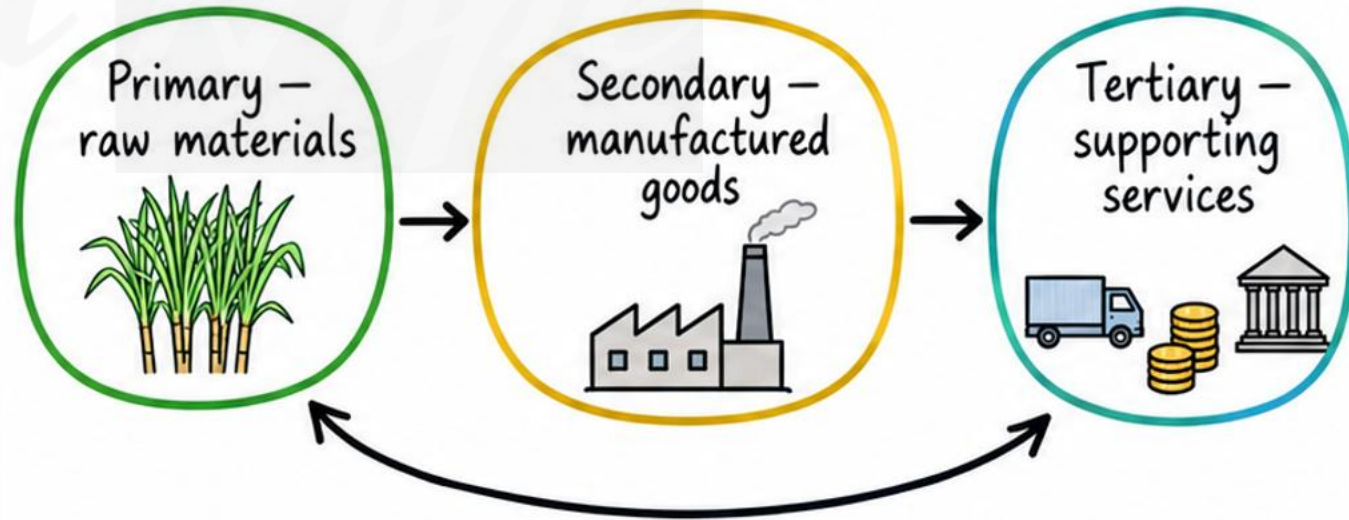
TERTIARY SECTOR AND INTERDEPENDENCE

Tertiary sector

- These activities provide services rather than directly producing a material good. Many services support the primary and secondary sectors.
- Examples: transport, storage, trade, banking and communication. Teachers, doctors, lawyers, barbers and repair workers also provide services.
- New services include software, ATMs and call centres.

The sectors depend on one another.

- Sugarcane farmers supply raw material to a sugar mill. Transport carries cane and sugar. Traders sell the finished sugar. Banks can provide credit.
- Farmers also depend on manufactured tractors, pumps and fertilisers, and on electricity and services.



A change in one sector can affect work and production in the others.

MEASURING PRODUCTION AND GDP

Why money values matter

Different goods have different units. We cannot directly add kilograms of wheat to numbers of coconuts. Their money values allow comparison.



Chapter calculations

Value of output = Quantity produced $\times$ Price per unit

Wheat: $10,000 \text{ kg} \times ₹20 \text{ per kg} = ₹2,00,000$

Coconuts: $5,000 \times ₹15 \text{ each} = ₹75,000$

Gross Domestic Product (GDP)

- GDP is the total money value of all final goods and services produced within a country's boundaries during a year. It measures the size of the economy.
- Count final output and avoid double counting intermediate goods.
- Government departments collect information on quantities and prices. The central ministry coordinates with states and Union Territories to estimate GDP.
- Sector contributions can also be studied through Gross Value Added (GVA).

FINAL AND INTERMEDIATE GOODS

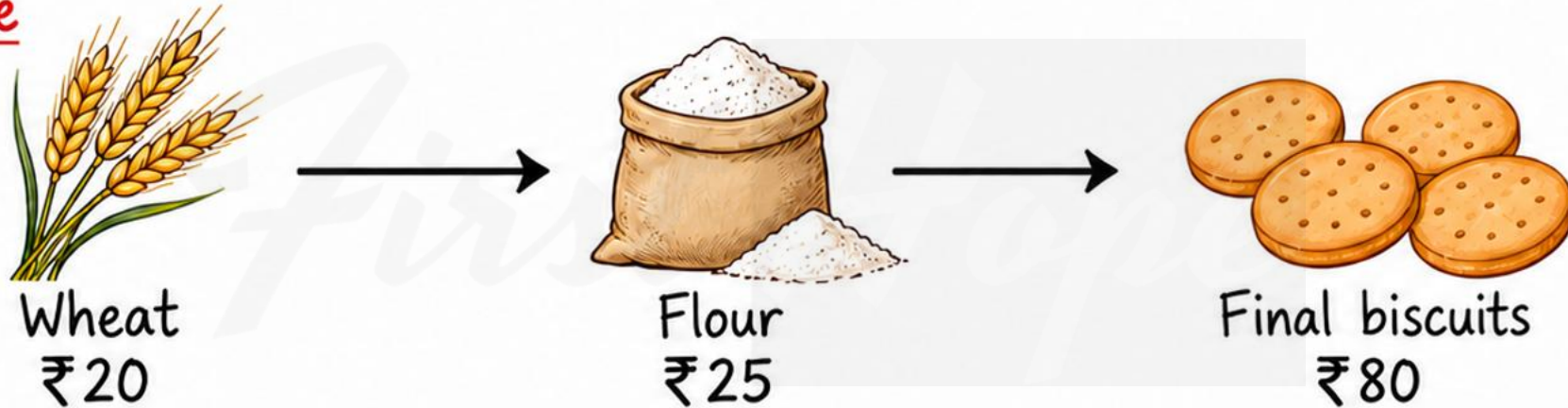
Final goods

- Final goods are ready for final use by consumers or for investment. Their value is counted in GDP.

Intermediate goods

- Intermediate goods are used up in producing another good. Their value is already included in the value of the final product.

Chapter example



- Farmer sells wheat for ₹20.
- Miller makes flour and sells it for ₹25.
- Baker makes 4 biscuit packets and sells each for ₹20.
- Value of final biscuits = $4 \times ₹20 = ₹80$
- The ₹80 already includes the wheat and flour used in production.
- Do not add ₹20 + ₹25 + ₹80 as separate final output. That would count the same inputs again.
- Whether a good is final or intermediate depends on its use.



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