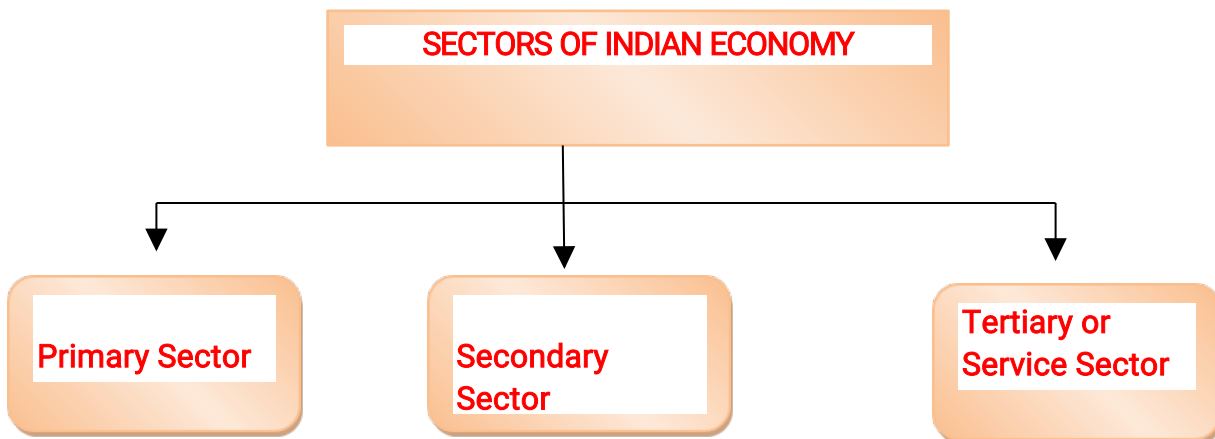


UNIT 1 MANUFACTURING AND SERVICE SECTORS

❖ AN INTRODUCTION TO THE SECTORS OF INDIAN ECONOMY

Indian economy can broadly be divided into three Sectors:

1. Primary Sector
2. Secondary Sector
3. Tertiary or Service Sector



1. Primary Sector

- Primary Sector is directly dependent on the environment for manufacture and production.
- A primary sector is a sector whereby the raw materials are extracted from the earth.
- Primary Sector includes those activities which lead to the production of goods by exploitation of natural resources.
- Examples of primary sector activities are agriculture, fishing, mining, animal husbandry etc.
- In India, agriculture is the biggest example of the primary sector.
- However, forestry and fishing can also be cited as other examples of this particular

sector.

- Primary sector is also known as agriculture and related sector.
- It produces natural products like cotton, milk, fruits, wheat, fish, rubber etc.

2. Secondary Sector

- A secondary sector is a sector whereby the raw material that is extracted from earth is converted to semi- finished goods or finished goods.
- Secondary sector activities of the secondary sector follow the primary activities, in which the natural products are changed to manufacture different commodities.
- When the main activity involves manufacturing then it is the secondary sector.
- All industrial production where physical goods are produced come under the secondary sector thus, the secondary sector is also called the industrial sector.
- An agricultural product like cotton is woven into cotton fabric or sugar cane is processed to produce sugar.
- Secondary Sector covers activities in which natural products are changed into other forms through ways of manufacturing that we associate with industrial activity.
- Product is not produced by nature but has to be made and therefore some process of manufacturing is essential.
- It includes those activities which result in the transformation of natural products into other forms by manufacturing.
- It produces manufactured goods like cloth, sugar, bricks etc.
- It is also called the industrial sector as this sector has come to be associated with different kinds of industries.
- In the secondary sector of the national economy, natural ingredients are used to create products and services that are consequently used for consumption.
- Examples of secondary sector activities are manufacturing and construction.

3. Tertiary Sector

- Tertiary Sector activities help in the development of the primary and secondary sectors.
- These activities, by themselves, do not produce a good but they are an aid or a support for the production process.

- For example, goods that are produced in the primary or secondary sector would need to be transported by trucks or trains and then sold in wholesale and retail shops also called the service sector.
- A tertiary sector is a sector that transports and distributes goods to retailers or wholesalers.
- Like the secondary sector, it also provides value addition to a product.
- This sector is also known as the service sector.
- Tertiary Sector includes those activities that in the development of the primary & secondary sectors by supporting the production process.
- Tertiary Sector does not produce goods but generates services like transportation, communication, basting etc.
- Examples of tertiary sector activities are banking, insurance, finance etc.
- Tertiary sector also includes certain new services based on information technology like cyber cafes, ATM booths, call centers, software companies.