# Sectors of Indian Economy

## About Sectorsof Indian Economy

India is one of the fastest-growing economies in the world and it is predicted that by 2050, it will become the second-largest economy in the world. There are many factors that contribute to the economy.

As of 2018, the Nominal (current) Gross Domestic Product (GDP) of the country is 2.72 lakh crores USD. The estimated nominal GDP of 2020 is USD 3.202 trillion (as per Wikipedia).

One might be curious about the elements that contribute to the Indian economy. To quench curiosity, the different sectors of the Indian economy are discussed here in detail.

There are three sectors of the Indian economy: the primary sector, the secondary sector, and the tertiary sector.

### Classification and Examples

### 1. Primary sector

To keep the day-to-day operations going, this sector's services are completely reliant on the availability of natural resources. Eg. Agriculture, Mining, Fishing, Forestry, Dairy etc.

Agriculture, together with fisheries and forestry, accounts for one-third of India's GDP and is the single most important contributor. 18.20% of GDP contributes to the primary sector.

Agriculture has long been the backbone of India's economy. Aside from that, India is the world's largest producer of milk and the second-largest producer of wheat, sugar, freshwater fish, and groundnuts.

It is a significant producer of tea, cashews, sugar, ginger, turmeric, and black pepper.

The Indian agricultural sector was able to accomplish this remarkable feat as a result of the Indian government's several simultaneous revolutions.

The Black Revolution, which saw the production of petroleum, and the Brown Revolution, which saw the production of leather/non-conventional/ cocoa, were both significant revolutions in India's primary sector.

Underemployment and disguised employment are two main issues that this sector faces.

### 2. Secondarysector

The economics of the sector is based on natural materials that are utilised to manufacture the services and goods that are given, and which are then consumed.

This sector transforms primary sector output (raw materials) into finished goods that can be sold to domestic businesses or consumers, as well as exported (via distribution through the tertiary sector). Many of these industries necessitate large amounts of energy, factories, and machinery, and they are often classified as light or heavy based on these features.

This sector is the best in terms of adding value to products and services. Transportation and industry are two of the most prominent examples of this area.

This sector employs over a quarter of India's total workforce. Furthermore, the secondary industry contributes nearly a quarter of GDP. This business is the backbone of the Indian economy and will continue to grow and prosper.

### 3. Tertiary sector

The tertiary sector is referred to as the service sector. The service business creates services rather than finished items. Services (also known as "Intangible Products") include things like attention, direction, access, experience, and emotional labour.

The industry's tertiary sector is in charge of delivering services to both businesses and end-users.

Rather than changing physical objects, the focus is on people by interacting with them and providing customer service.

The service industry includes certain significant services that do not directly contribute to the creation of commodities.

Goods manufactured in the primary or secondary sectors, for example, would have to be carried by logistics before being sold in wholesale or retail shops. This sector includes all service businesses, such as IT services, consulting, and so on. This industry accounts for more than 59 per cent of India's overall GDP.

Individuals who provide personal services, such as teachers, physicians, and others.

### What is GDP?

The value of final products and services generated in a country during a given year is referred to as GDP.

Simply said, the total production of any sector for a given year is equal to the value of final goods and services produced in that sector for that year.

And the country's Gross Domestic Product—GDP—is calculated as the sum of production in three sectors.

## The Increasing Importance of Tertiary Sector in Indian Economy

The tertiary industry overtook the primary sector as India's largest producing sector in 2013-14.

In India, the tertiary sector has grown in importance for the following reasons:

- Among the most important services for all people are hospitals and schools as well as post and telegraph services. There are many critical services that have been added as essential services in the list.
- Services like transportation, trade, and storage increase along with agriculture and industry.
- As people's incomes rise, they expect more services like dining out, travel, shopping, private hospitals, schools, and professional training.
- Over the last decade, new information and communication technology-based services have become critical.

## Organized and Unorganized Sectors

Primary, secondary, and tertiary sectors of the economy are the most common divisions.
These are further divided into organised and unorganised sectors based on employment conditions.

The organised sector is made up of businesses where the terms of employment are set and predictable.

As a result, people are assured of employment.

Small and dispersed units that the government does not control make up the unorganised sector; as a result, there are rules and regulations in place, but they are not obeyed.

Below are a few of the differences between the two:

**Differences Between Organized Sector and Unorganized Sector**

| Organized Sector | Unorganized Sector |
|---|---|
| It's a field where job terms are predetermined and consistent, and people are promised work. | Tiny, dispersed units distinguish the unorganised sector, which operates mostly outside of official jurisdiction. |
| They must register with the government and follow the rules and regulations established in various laws such as the Factories Act, the Minimum Wage Act, the Payment of Gratuity Act, the Shops and Establishments Act, etc. | Although there are rules and regulations in place, they are not followed because they are not registered with the government. |
| The job is stable, and there are set working hours. Employees are compensated for more hours worked if they work longer hours. | The majority of jobs are low-paying and inconsistent. |
| Job security is advantageous to employees. | There is no assurance of employment. Someone may be asked to leave for no apparent reason. |
| Employers in the organised sector provide several supplementary benefits to their employees, such as paid leave, holiday pay, a provident fund, and a gratuity, among other things. | Over time, paid leave, holidays, and sick leave, among other things, are not provided. |
| People have a right to medical treatment. These employees will earn pensions when they retire. | Such facilities do not exist in the unorganised sector. |

## Trendingtopics

- National Income
- Barriers in Communication
- Difference Between Microeconomics and Macroeconomics
- Consumer Rights and Responsibilities
- Sustainable Development
- Accounting Concepts