CLASS X
ECONOMICS
UNIT – III
SECTORAL COMPOSITION OF THE ECONOMY

NOTES

Economy – an economy is a system of organizations and institutions which play a role in the production and the distributions of goods and services in a society.

The sectoral composition of an economy is the proportionate contribution of different sectors to the total Gross Domestic Product (GDP) of an economy during a year. It gives the share of the agricultural sector, industrial sector and service sector in GDP.

Growth of an economy is always associated with **structural changes** in the economy. The changes take place in the form of **sectoral composition** as well as the occupational structure of the workforce. The economic structure is generally divided into three broad sectors.

ECONOMY SECTOR

Primary Sector includes agriculture, fishing, mining, forestry etc.

Secondary Sector includes manufacturing and construction industries.

Tertiary Sector includes tourism, banking, transportation, information and communication, education, health, administration, defence, etc.

The quaternary sector includes government, culture, libraries, scientific research, education and information technology.

The quinary sector includes government, science, universities, nonprofit, healthcare, culture and the media.

Economic activities are activities which generate income. e.g. a farmer ploughing the field, a doctor attending to a patient, a teacher teaching in a classroom.

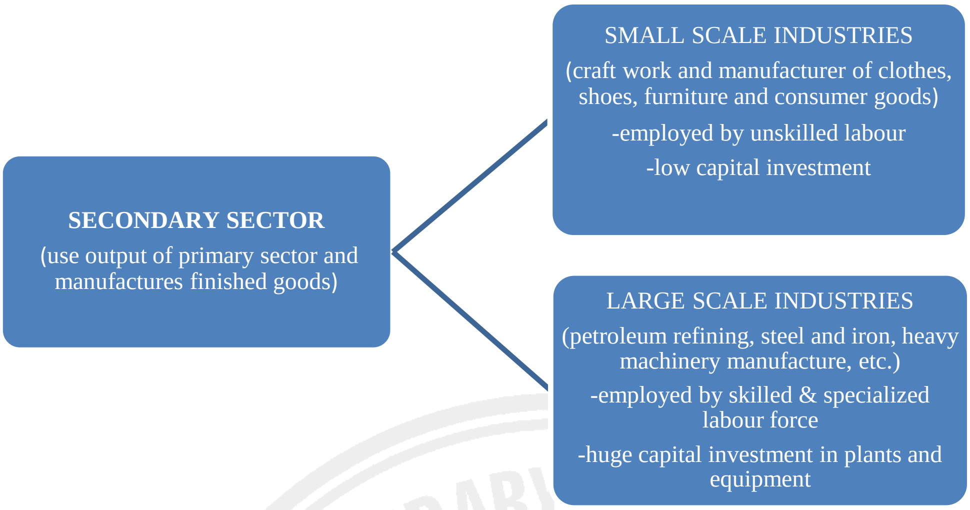

FIG. DIAGRAM SHOWING HEIRARCHICAL RELATIONSHIPS PROGRESSING HORIZONTALLY OF ECONOMY SECTOR

NATIONAL INCOME AND GROSS DOMESTIC PRODUCT (GDP)

GDP is the market value of all goods and services produce within the domestic territory in a given period generally one year.

National Income is the value of final goods and services produced by the normal residents of a country in a year.

NI = GDP + NFIA

NI – National income
GDP – Gross Domestic Product
NFIA – Net factor income from abroad (foreign earning)

Contribution to GDP by the three sectors

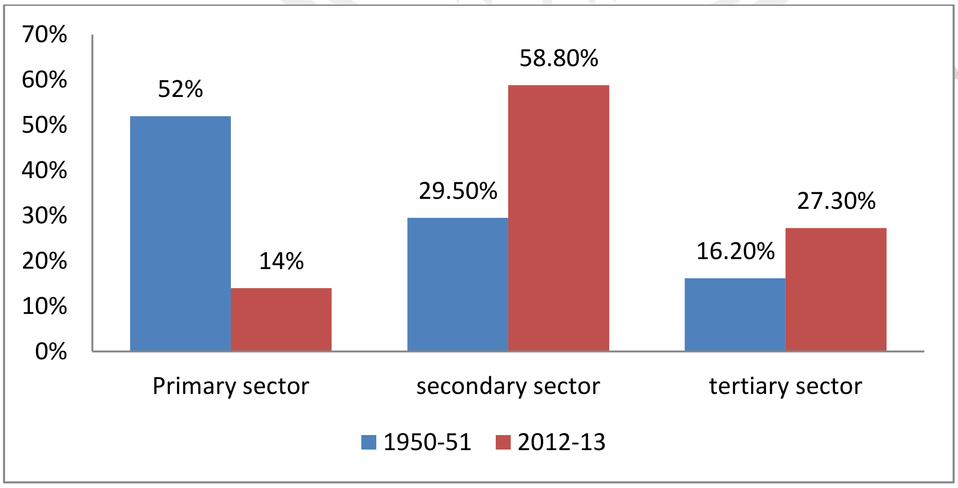

FIG. PERCENTAGE SHARE OF THREE SECTORS IN INDIA'S REAL GDP IN 2004-2005 PRICE

Above figures shows:

- The share of agriculture and agro-based industries in aggregate output (GDP) has a sharp decline.
- The share of manufacturing industries, public utilities and certain service groups like professional, government, etc. have recorded a manifold increase.
- Shifts in the sectoral allocation of the labour force of the country (agriculture to non-agricultural activities).

SECTORAL EMPLOYMENT ELASTICITY

- It is a measure of the employment content of growth in the sector.

Sector	Employment Elasticity
Agriculture	low
Industries	high
Service	very high

- In U.S.A, only 3% of the labour force is engaged in primary sector activity whereas about 52% of the workforce is engaged in the agriculture sector in India.

MANIPUR ECONOMY

- Low net state domestic product due to low productivity.
- Dependence on the agriculture sector.
- Emerge of non-agricultural activities such as ***Khura Washang, Eigyagi Chakshang, Kangla Enterprises, Leisana, Likla,*** etc.
- Culture of female workers in manufacturing industries.

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