



**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.



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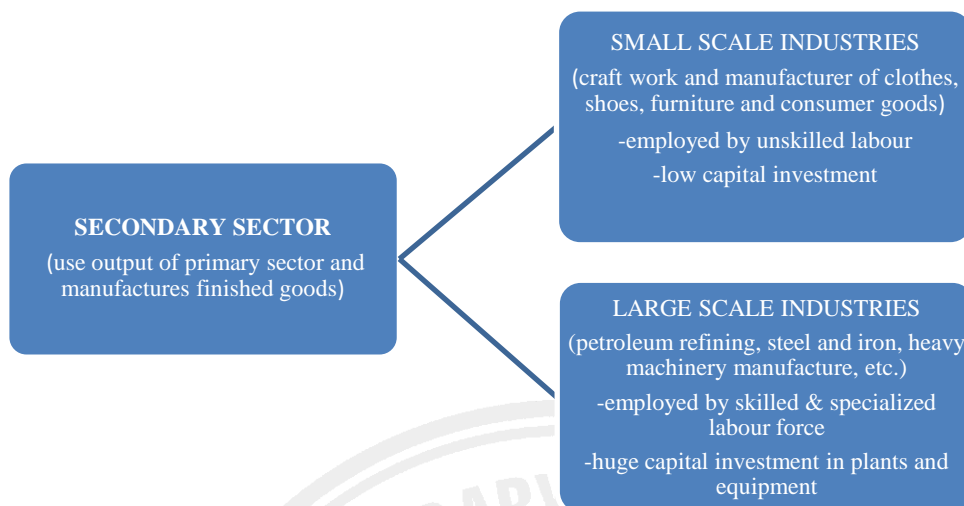


FIG. DIAGRAM SHOWING HEIRARCHICAL RELATIONSHIPS PROGRESSING HORIZONTALLY OF ECONOMY SECTOR

### 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

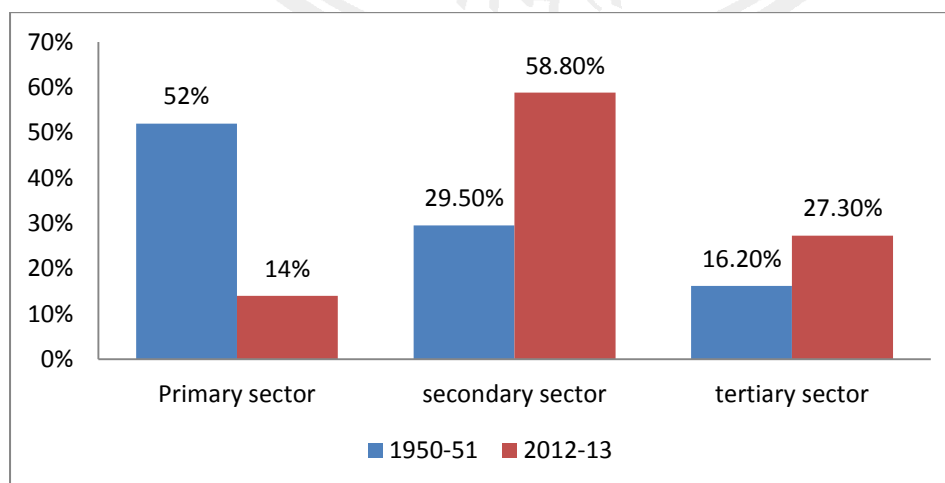


FIG. PERCENTAGE SHARE OF THREE SECTORS IN INDIA'S REAL GDP IN 2004-2005 PRICE



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**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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