

Economic Activity

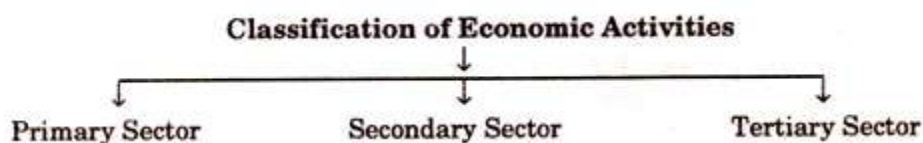
Economic activity:

- According to **Raich**, "Economic activity is the production, distribution, and consumption of commodities."
- This definition was criticized and rephrased by **O' Connor**- "Any economic activity involving the production, distribution, and consumption of commodities, depending on the level of generality."

Classification of economic activities:

In terms of the national economy, a basic classification of economic sectors, broken into four basic sectors is used:

1. Primary Sector (Raw Materials)
2. Secondary Sector (Manufacturing and Industry)
3. Tertiary Sector (Service Sector)
4. Quaternary Sector (Knowledge Sector)
5. Quinary Sector (Decision Making Sector)



1. Primary Sector:

Simply speaking primary sector refers to that sector of the economy which uses natural resource to produce goods. Natural factors play crucial role in the production process. Agriculture and allied activities like mining, fishery, forestry, dairy and poultry are included in this sector. Primary sector dominates in under-developed countries.

2. Secondary Sector:

Secondary sector is also called as manufacturing sector or industrial sector. The primary sector cannot satisfy all human requirements. We need certain industrial goods to make our lives comfortable. The sector which transforms one physical good into another is called secondary sector. The manufacturing, electricity, gas, water supply etc. are included in this sector.

3. Tertiary Sector:

The service sector of the economy is called tertiary sector. Services of various kinds like education, health, banking, insurance, trade and transport are included in this sector. In advanced countries, the contribution of tertiary sector to national income is the highest.

4. Quaternary Sector: The quaternary sector of the economy is a way to describe a knowledge-based part of the economy, which typically includes services such as information technology, information-generation and -sharing, media, and research and development, as well as knowledge-based services like consultation, education, financial planning, blogging, and designing.

5. Quinary Sector

Some consider there to be a branch of the quaternary sector called the quinary sector, which includes the highest levels of decision making in a society or economy. This sector would include the top executives or officials in such fields as government, science, universities, nonprofit, healthcare, culture, and the media.

Features of Primary Economic Activity:

- i. Primary economic activity involves taking natural resources from the land or the sea.
- ii. Primary economic sectors are-
 - Farming

- Fishing
 - Forestry
 - Mining
 - Quarrying
- iii. In developing countries, most people (75% average) work in primary sectors.
 - iv. In developed countries, very few people (10% average) work in primary sectors.
 - v. Natural sources can be 2 types-
 1. Renewable resources (*resources that can be used over and over again. With careful management, they will not run out*)
 2. Non-renewable resources (*can only be used once. Each time such resources are used less of that resource is left for the future. Non-renewable resources will eventually run out*)
 - vi. People who are involved in primary economic activity is called red collar worker.
 - vii. Frequency of primary economic activity indicates the initial stage of economic development of a country.
 - viii. It has a great role in earning foreign remittance.

Features of Secondary Economic Activity:

- i. The secondary sector involves the transformation of raw materials into goods.
- ii. Secondary activity is mainly associated with manufacturing and industry.
- iii. Example of secondary sectors are- textile, leather industry, ceramic industry, cash crop industry etc.
- iv. In developing countries, very few people (5% average) work in secondary sectors.
- v. In developed countries, moderate number people (25% average) work in secondary sectors.
- vi. It includes the processing of raw materials.
- vii. Secondary activity ultimately leads to industrialization.

- viii. Frequency of secondary activity indicates the median period of economic development in a state.
- ix. When an economy moves into the second sector, new farm techniques are used, and industrialization changed how goods can be transformed, distributed and sold.
- x. It has a great role in earning foreign remittance.

Features of Tertiary Economic Activity:

- i. The tertiary sector involves the supplying of services to consumers and businesses.
- ii. This sector provides services to the general population and businesses, including retail, sales, transportation and restaurants.
- iii. The types of workers in this sector include restaurant bartenders, accountants, pilots etc.
- iv. Frequency of tertiary activity indicates the matured period of economic development in a state.
- v. In developing countries, few people (10% average) work in tertiary sectors.
- vi. In developed countries, most people (65% average) work in tertiary sectors.
- vii. The tertiary sector indicates a competition in international business sector.

Features of Quaternary Economic Activity:

- i. It is a knowledge based sectors.
- ii. Computing knowledge, ICT expertise, scientific research etc. are included in this sector.
- iii. The developing countries have almost 1 or less than 1 percentile of this sector.
- iv. The developed countries have a notable percentage of quaternary sectors.
- v. It indicates a permanent stability and richness of economy of a country.
- vi. Decision making and planning activities are enhanced in this sector.
- vii. The development of this sector leads to quinary economic activity which is based on decision making actions.