

## **Economic Structure: - The key to economic development of the country**

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### **ABSTRACT**

Presently the whole world is divided into three parts: capitalist economy, socialist economy and mixed economy. So, every country in the world has adopted one of these three based on their situation, ideology and values, etc. for the people of their country. Besides it also operates according to the economic structure of their country. Thus, in this paper the meaning, classification, role of economic structure in the economic development of any country is discussed.

**Keywords:** - Economic structure, meaning, classification, role of economic structure in the economic development

### **INTRODUCTION**

The main problem of any country is to achieve economic development and every country tries its best to solve this problem. Today every country tries to grow economically so that all its problems are solved automatically. Thus economic development is the main goal of any country and in order to achieve that, it is necessary for every country to strengthen its foundation. Economic structure is the mainstay of economic development. Therefore, it is imperative to focus on the development of all the three sectors including agriculture, industry and service which are included in the country's economic infrastructure. The major role of any country in developing economic infrastructure is to improve the standard of living of the people with their income.

In Indian context, the agricultural sector in India was given more attention before 1991, due to which only the agricultural products were exported to the world market and the income from agricultural products was lower due to the living standard of the people. But after 1991,

due to the efforts of the Prime Minister P.V.Narasimha Rao and Finance Minister Dr. Manmohan Singh, economic reforms were implemented in the country. As a result, exports of industrial products and services along with agricultural products increased in the country. This gave rise to the standard of living of the people along with the country's national income. Thus, the economic reforms of 1991 are known as the new era of economic development in India. India exports software and industrial goods to different countries which has changed the economic structure of our country.

Generally, every step in development is to change the economic structure of our country. When the country is in the first stage of development, the agriculture sector has a higher share of the national income and the share of industry and service sector is less in the second and third stage of development, the share of agriculture is less than industry and service sector. Today, India is in the second phase of development, so the agriculture sector accounts for only 14% of the national income while industry and service sector account for 31% and 54% respectively.

### **MEANING OF ECONOMIC STRUCTURE**

For any country to be economically sound it is necessary that its foundation and its economic structure should be strong so it can lead our economy towards development. Economic structure is the ratio of production, return of income and employment of all sectors in the economy.

Agriculture, industry and service are the three main pillars of the economic structure. Changes in the economic structure also change the development of our economy. For example, when agriculture contributes more to the national income than industry and services, the country is considered to be underdeveloped or developing. Therefore, the development status of a country can be easily known only on the basis of economic structure.

### **CLASSIFICATION OF ECONOMIC STRUCTURE**

#### **➤ Primary Sector**

It includes those activities which lead to the production of goods by exploitation of natural resources. It produces natural products like cotton, milk, fruits, wheat, fish, rubber etc. It also called agriculture and related sector because most of the natural products obtained are from agriculture, dairy, fishing, forestry etc.

➤ **Secondary sector**

It includes those activities which result in 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. Examples of secondary sector activities are Production and manufacturing sector.

➤ **Tertiary sector**

It includes those activities that are in the development of primary & secondary sectors by supporting the production process. It does not produce goods but generates services like transportation, communication, banking etc. It is also called the service sector as this sector generates services rather than goods. Examples of tertiary sector activities are banking, insurance, finance etc.

## **ROLE OF ECONOMIC STRUCTURE IN THE ECONOMIC DEVELOPMENT OF COUNTRY**

Economic development and economic growth are both taken in the same sense, but they have different meanings. Economic growth is the result and economic development is the process. Economic growth is the result of economic development. Thus economic development is known as a multi-faceted process. Here, it is essential to know which factors play a vital role in the economic development of our country. Economic structure is one of the most important factors affecting economic development. The role of economic structure in the economic development of any country can be ascertained on the following points.

- To formulate the policies as per different sectors, economic structure provides useful guidance to the country's government.
- The economic structure provides information on what needs to be exported in the country according to the sector's share in national income.
- The calculation of National Income of different sectors can be easily understood if the National Income is separately calculated.
- With the development of economic structure the government of different countries can easily know about the different causes of unemployment of our country.

- The economic structure of our country helps us to know about the resources and raw materials that are needed for the development of each sector, this will reduce and control the waste imports in our country.
- Today, each country compares its economic development with that of the other countries, but there are no proper bases through which it can be compared but this can easily be done on the basis of economic structure of any two countries.
- Generally, economic development and economic structure are interdependent, so the stage of development of the country can be known only on that basis.
- Depending on the economic structure of the country, the government of that country can systematically organize the revenue and expenditure in its budget.
- By knowing the contribution in different sectors of economic structure, any country can compete in international trade.
- Based on the economic structure of the country, the living standard of the people engaged in that area can be known.
- The deficiencies in different sectors can also be removed.
- Proper distribution of labour can be done in different sectors.
- Foreign Capital can be attracted through the development made in different sectors.

### **ECONOMIC STRUCTURE OF INDIA**

India is a developing country and its economic structure has also changed with the stages of development. After independence, the country was dependent only on agricultural exports and the share of agriculture was also higher in national income. The stakes have changed

According to the sector. The share of agriculture, industry and service sector in India's National Income for the year 2018-19 is given in the table below.

<b>Gross Value Added (GVA) 2018-19</b>					
<b>Sr No.</b>	<b>Sectors</b>	<b>Constant Price</b>	<b>Share</b>	<b>Current price</b>	<b>Share</b>
<b>1</b>	<b>Primary Sector</b>	<b>2,228,008</b>	<b>17.39 %</b>	<b>3,149,734</b>	<b>18.57 %</b>
1.1	Agriculture, forestry & fishing	1,842,873	14.39 %	2,692,433	15.87 %

1.2	Mining & quarrying	385,135	3.01 %	457,301	2.70 %
<b>2</b>	<b>Secondary Sector</b>	<b>3,644,647</b>	<b>28.45 %</b>	<b>4,585,286</b>	<b>27.03 %</b>
2.1	Manufacturing	2,346,216	18.32 %	2,853,986	16.83 %
2.2	Electricity, gas, water supply & other utility services	287,109	2.24 %	452,683	2.67 %
2.3	Construction	1,011,322	7.90 %	1,278,617	7.54 %
<b>3</b>	<b>Tertiary Sector</b>	<b>6,936,122</b>	<b>54.15 %</b>	<b>9,226,346</b>	<b>54.40 %</b>
3.1	Trade, hotels, transport, communication and services related to broadcasting	2,467,622	19.27 %	3,157,709	18.62 %
3.2	Financial, real estate & prof services	2,775,970	21.67 %	3,555,780	20.96 %
3.3	Public Administration, defence and other services	1,692,530	13.21 %	2,512,857	14.82 %
<b>2019 statistics times</b>					

Services sector is the largest sector of India. Gross Value Added (GVA) at current prices for Services sector is estimated at 92.26 lakh crore INR in 2018-19. Services sector accounts for 54.40% of total India's GVA of 169.61 lakh crore Indian rupees. With GVA of Rs. 50.43 lakh crore, Industry sector contributes 29.73%. While, Agriculture and allied sector shares 15.87%.

At 2011-12 prices, composition of Agriculture & allied, Industry, and Services sector are 14.39%, 31.46%, and 54.15%, respectively.

Share of primary (comprising agriculture, forestry, fishing and mining & quarrying), secondary (comprising manufacturing, electricity, gas, water supply & other utility services, and construction) and tertiary (services) sectors have been estimated as 18.57 per cent, 27.03 per cent and 54.40 per cent.

## **CONCLUSION**

The economic structure is a mirror of the economy of any country. Based on this, a clear picture of each sector of the country can be seen. Thus, the country associates its economic development with its own economic structure. Considering the concept of economic development and economic structure, it can be said that economic structure is a part of economic development and that economic structure is a microscopic concept whereas economic development is a holistic concept.

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