Shikshan Sanshodhan : Journal of Arts, Humanities and Social Sciences ISSN(o): 2581-6241
Monthly, Peer-Reviewed, Refereed, Indexed Journal Impact Factor: 9.134
Volume - 9, Issue - 8, August - 2026

DOIs:10.2018/SS/202608003 --:-- Research Paper / Article / Review

A Brief Overview of the Structure of the Indian Economy

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Abstract: *India has a developing, fast-growing mixed economy and worlds sixth-largest by nominal GDP and third-largest by PPP as of 2026. Indian economy is generally categorized into primary, secondary, and service sectors, each playing a crucial role in the nation's economic development. The primary sector includes agriculture and allied activities, while the secondary sector covers manufacturing and industries. The service sector comprises services like trade, banking, education, healthcare, communication and IT. These primary, secondary and service sectors of the Indian economy are interdependent and collectively drive employment, GDP growth, and infrastructural development, making them essential for India's inclusive and sustainable economic progress. India's economy is moving from traditional industries to knowledge-driven sectors, driven by the accelerating pace of technological innovation and the expanding influence of globalization. The primary purpose of this paper is to know the structure of the Indian economy.*

Key Words: *Structure, Indian Economy, Agriculture, Industries, Services, GDP.*

1. INTRODUCTION:

India's economy is a rapidly expanding mixed economy dominated by the tertiary sector, which contributes over 55% (2024-25) of GDP. The structure consists of three key sectors: tertiary (financial services, education, health care, hospitality, entertainment, transportation & distribution), secondary (manufacturing, construction & energy utilities), and primary (agricultural & its allied activities), with 70% of economic activity driven by strong domestic consumption and investment. As of April 2026, India is the world's 6th largest economy by nominal GDP, with an estimated size of roughly $4.15 trillion, having recently been overtaken by the UK and Japan due to currency fluctuations. Despite this ranking shift, India remains one of the world's fastest-growing major economies, driven by strong domestic consumption, strong services, and infrastructure investment. The Government of India (GoI) has announced aspiring Vision Viksit Bharat@2047 to make the country developed nation by emphasizing inclusive and all-round development of the economy. In regard of Vision Viksit Bharat@2047 and in the context of a globally competition sustain GDP growth rate is greatly depends on sectoral contribution of the economy.

2. Research Methodology:

The study is based on secondary data and information available from books, published works, newspapers, journals, and reports related to the contribution of the primary, secondary, and tertiary sectors to the GDP of the Indian economy.

3. Objectives of the study: The main objectives of the present study are as follows.

- To understand the sectors of the Indian economy
- To analyze the contribution of the primary, secondary, and service sectors to India's GDP

4. Sectors of the Indian Economy

The Indian economy is broadly classified into three main sectors: The primary, secondary, and service sectors. Each sector plays a crucial role in shaping the nation's economic landscape, and essential for Sustainable Development.

Primary Sector: The primary sector involves the extraction and production of natural resources, including agriculture, forestry, fishing, and mining, and remains crucial for rural employment despite its declining share in GDP, currently around 19.74%.

With the rise of the Blue Economy, especially in marine and fisheries development, this sector is being revamped for sustainable resource use.

Secondary Sector: The secondary sector, often known as the industrial sector, plays a vital role in converting raw materials extracted from the primary sector into finished products. This sector encompasses manufacturing, construction, and energy production activities that add value to resources and contribute significantly to a nation's economic growth. & contributing about 25.33% to India's GDP and supporting urbanization and infrastructure growth.

Initiatives promoting Green Economy principles are pushing this sector towards cleaner production, renewable energy use, and emission reduction.

Service Sector: The tertiary or service sector is the third stage of the economic chain, focusing on providing services rather than producing tangible goods. It supports primary (raw materials) and secondary (manufacturing) industries by facilitating trade, transport, finance, education, and health, making it a critical driver of modern economic growth and employment. The tertiary sector, or service sector, includes banking, education, healthcare, IT, transport, and tourism, and has emerged as the largest contributor to the economy, accounting for nearly 54.93% of GDP.

Integration of the Digital Economy, especially through platforms and fintech, has amplified growth and innovation in this sector.

Contribution of the primary, secondary, and service sectors to India's GDP (%)

Sector – wise Shares in GDP (At Current Prices)

Years	Sectors		
	Primary	**Secondary**	**Service**
1950-51	56	16	28.2
1970-71	45.8	22.4	31.8
1990-91	33.4	27	39.6
2005-2006	20	26	54
2006-2007	20.5	24.7	54.8
2010-2011	15.78	29.56	54.64
2015-2016	15	32.5	52.5
2020-2021	21.82	27.55	53.89
2024-2025	19.74%	25.33%	54.93%

Source: *Ministry of Statistics and Programme Implementation*

The above Table shows that in India the contribution of primary sector steadily opposite to tertiary sector. However secondary sector slowly increasing since 1951. Regarding the contribution of secondary sector there is an increase trend till 1990-91 but it's come down to 24.5% (average) in the year 2006-07 and 2020-21. The Service sector experiencing considerable rise since 1950-51 to update as it was 28.2% in 1950-51 and increase Up to 54.93% in 2024-25. Whereas primary sector contribution to the GDP has been falling gradually over the Years though more that 50% population of the country depends on it as source of livelihood.

5. Conclusion:

India's economic structure has witnessed a remarkable shift from the primary sector, dominated by agriculture, directly to the service sector, bypassing the typical intermediate industrial phase. In the 1970s, agriculture contributed around 45%to the Gross Value Added (GVA), but by 2024, its share had fallen to less than a fifth, while services now account for about 54.93% of the economy. According to the Economic Survey 2024-25, the service sector's contribution to India's Gross Value Added (GVA) increased from 50.6% in FY14 to 55.3% in FY25, growing at an average rate of 8.3% between FY23 and FY25. This transformation is driven by several factors: advancements in technology, the rise of IT and outsourcing, a large English-speaking workforce, and favorable government policies. The services sector,

including IT, finance, healthcare, and tourism, has become the key growth engine, generating millions of jobs, boosting exports, and attracting foreign investment. However, the transition has not been uniform across the population. While urban areas benefit from high-productivity, better-paying service jobs, a significant portion of the rural population still depends on agriculture, leading to underemployment and regional disparities. The manufacturing sector's slow growth, due to regulatory hurdles and infrastructural challenges, has limited its ability to absorb surplus agricultural labour. Despite these challenges, the expansion of the service sector has improved national income, living standards, and global economic integration, making it a defining feature of India's modern economic landscape.

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