Concept and Classification of Economic Activities

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Economic activity is the activity of making, providing, purchasing, or selling goods or services. Any action that involves producing, distributing, or consuming products or services is an economic activity. Economic activities exist at all levels within a society.

Additionally, any activities involving money or the exchange of products or services are economic activities.
Definition:

Cambridge Dictionary -

“The activity of producing, buying, or selling products or services.”

The University of Toronto’s Department of Economics –

“Economic activity is the process by which the stock of resources or stock of capital produces a flow of output of goods and services that people utilize in partial satisfaction of their unlimited wants.”
Economic activity – classifications

Economists say there are four basic types of economic activities:

– The Primary Sector, i.e., raw materials.

– The Secondary Sector, which includes industry and manufacturing.

– The Tertiary Sector, i.e., services.

– The Quaternary Sector, which we also call the ‘knowledge sector.’

– The Quinary Sector, managerial services
The Primary Sector

Direct Extraction of Materials and Production from Nature

Example: Agriculture, Fisheries, Forestry, Mining and Quarrying

Red Collar Workers
The Secondary Sector

Processing, transformation, qualitative upgradation of primary raw materials

Examples: Household and manufacturing Industries

Secondary Economic Activities

• An economic activity in which people use raw materials to produce or manufacture new products of greater value.
• Examples:
  • Turning wheat into flour
  • Milling lumber into plywood
  • Making fish into packaged fish sticks
  • Turning gold into a bracelet

Blue Collar Workers
The Tertiary Sector

Mainly services, Distribution, Exchange and Consumption of Goods

Examples: Trade, Transport, Communication services

Pink Collar Workers
Primary:
- Agriculture
- Hunting
- Farming
- Fishing
- Forestry

Secondary:
- Industries
- Manufacturing Units
- Hydro Electricity

Tertiary:
- All types of services
- Trade & Commerce
- Transport & Communication

Source: Bangladesh Economic review (2008), Economic Adviser’s Wing, Finance Division, Ministry of Finance & higher secondary economics
The Quaternary Sector

Knowledge sector and administrative Services

Examples: Banking, Hospital Services, Teaching, Research, Information Services, Govt. Services
The Quinary Sector

High Level Managerial and Executive Services, mainly planners and Decision makers

Examples: Ministrial job, Planning, Management, Decision making

Gold Collar Workers
Thank You