

Welcome students. Today I will be covering model number 7: "Extraction, manufacturing and services" from unit two- types of businesses and industries.

This module has three main topics. First one is extraction, which is also referred to as primary sector business. Next one is manufacturing business, also referred to as secondary sector businesses. Last one is services which is also referred to as tertiary sector businesses.

Upon completion of this E module you will be able to identify various types of businesses and industries. Secondly, you will be able to assess the scope in various businesses and industries.

Activities which generate income are called economic activities. First we will try to understand extraction type of economic activities. Extraction activities are also termed as primary sector industries or businesses. Extraction businesses are directly dependent on the availability of environmental resources. More the natural resources available, more scope for increasing extraction activities. Primary sector businesses involve extraction of raw materials, which are natural products from the land or sea. For example, oil is extracted from the ground, iron ore, timber from Forest, Fish, and other resources.

Under extraction businesses mining where minerals, metals, gold is extracted from Earth which are then supplied to various industries and businesses. Quarrying, sand is removed from the land and they are usually used for construction businesses. Fishing-fish has been caught at large scale which is then supplied at various commercial places, forestry- forest resources are utilized to produce various products. Farming which consists of crop cultivation and livestock farming.

So any such business where resources are grown or extracted from the ground are termed as primary sector businesses. Primary sector businesses deal with the raw materials that are usually that are eventually processed and delivered to a variety of industries. For example, iron ore is used for production of steel. Wheat is used for making biscuits, wood for making sports products. Milk is used to produce various dairy products such as Ice Cream, Curd, ghee and so on.

From the primary sector, the products are either sold directly or used as raw materials in various secondary and tertiary businesses.

Next type of business is manufacturing industries which are also referred to as secondary industries. Raw materials from the primary sector are converted into another useful product by manual labor or machines. The manufacturing industry takes raw materials and combines them to produce a higher value added finished product.

For example, a Carpenter will use wood from forest to produce furniture, kitchen cabinets and such products. Secondary industry often uses assembly lines. We can take example of a car factory. In a car factory. There will be three to four stations or units. In each unit, a special type of function or task is assigned.

To produce or final product that is a car, number of parts such as wheel, speedometer, engine etc. are assembled. To produce the final product or manufacturing business combines raw materials, labors, effectively in this production process to finally give the finished product.

Next type of business is the service industry, sometimes referred to as the tertiary sector or tertiary industry. A service type of business provides intangible products. That is, the products with no physical form. They neither produce a raw material nor make a product. They provide services to people and industries.

Tertiary industry can include doctors, dentists, which provides various health and medical emergency services, banks which provide various banking and financial services lawyers. They Provide legal services, tourism solutions, vehicle repairing shops, schools etc .are all examples of tertiary types of business. services such as retail services, entertainment or finance services also come under this category.

In recent times there has been tremendous growth in the service sector, more precisely because of higher labor productivity, which is coupled with advanced Technology, an increase in the income spending ability, which we also call disposable income from the consumer side.

Along with extraction businesses, manufacturing and service sector, I would like to throw light upon Quaternary industries. These Industries involve the use of high tech industries with the support of technical and scientific knowledge.

This industries include knowledge oriented economic sectors such as information technology, media designing, research and development are the most common types of businesses in this sector. This sector is primarily related to the service sector and the hightech component of manufacturing Industry. The people who are associated with working in these companies are usually highly qualified and expertise in their field of work.

I would like to conclude this module with this example. This example can be split into three parts. In the first part, extraction or drilling of oil is done from Earth by applying appropriate mechanisms. After this the oil is transported to various manufacturing units to produce products such as plastic, paints and other products. Similarly, oil is being transported to warehouses where it is stored. Oil is been advertised by the companies and finally it is sold at various oil stations and petrol pumps for the consumption by customers. Hence oil as a resource forms part of the extraction business, manufacturing sector and service sector.

Through this module you are able to know the various businesses and economic activities where there may be scope for entrepreneurship and new ideas to develop new businesses.

For further reading you can refer to these books.

Thank you.