

Sectors of The Indian Economy

• Facts at Your Fingertips

• Subjective Topicwise Question Bank

• NCERT Exercise

• Competency Based Questions



FACTS AT YOUR FINGERTIPS

- ➔ **Primary sector.** When we produce goods by exploiting natural resources, it is an activity of the primary sector.
- ➔ **Secondary sector** covers activities in which natural products are changed into other forms through ways of manufacturing. It is also called as industrial sector.
- ➔ **Tertiary sector.** These are the activities that help in the development of the primary and secondary sector. These activities by themselves do not produce goods but they are an aid and support to the production process. *Example: Transportation*—Goods that are produced in the primary sector need to be transported by trucks or trains and then sold in the wholesale and retail shops; *Storage*—at times it is necessary to store these products in godowns, which is also a service made available. *Communication*—talking to others on telephone; *Banking*—borrowing money from the banks. Since these activities generate services rather than goods, it is also called Service sector.
- ➔ **Gross Domestic Product (GDP).** The value of final goods and services produced in each sector during a particular year provides the total production of the sector for that year. And sum of production in all three sectors gives Gross Domestic Product—GDP of the country. It is the value of all final goods and services produced within the country during a particular year.
- ➔ **Underemployment.** This is the situation of where people are apparently working but all of them are made to work less than their potential. This kind of underemployment is hidden in contrast to someone who does not have a job. Hence, it is also called disguised unemployment.

- ➔ **Mahatma Gandhi National Rural Employment Guarantee Act 2005, (MNREGA 2005).** Under MNREGA 2005, all those who are able to, and are in need of work have been guaranteed 100 days of employment in a year by the government. If the government fails in its duty to provide employment, it will give Unemployment Allowances to the people.
- ➔ **Organised sector.** It covers those enterprises or places of work where the terms of employment are regular and therefore, people have assured work.
- ➔ **Unorganised sector.** It is characterised by small and scattered units which are largely outside the control of the government. There are rules and regulations but these are not followed.
- ➔ **Public sector.** In this sector government owns most of the assets and provides all the services.
- ➔ **Growing importance of Tertiary sector.** In any country several services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc. are required. The development of the agriculture and industrial sectors leads to the development of services such as transport, trade, storage and the like. Greater the development of primary and secondary sectors more will be demand for services. As the income level rises, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospitals, professional training etc. This is found especially in the big cities. Over the past decade or so certain new services such as those based on information and communication technology have become important and essential.



NCERT Exercise

1. Fill in the blanks using the correct option given in the bracket:

- Employment in the service sector increased to the same extent as production. (has/has not)
- Workers in the sector do not produce goods. (tertiary/agricultural)
- Most of the workers in the sector enjoy job security. (organised/unorganised)
- A proportion of labourers in India are working in the unorganised sector. (large/small)
- Cotton is a product and cloth is a product. (natural/manufactured)
- The activities in primary, secondary and tertiary sectors are (independent/interdependent)

Ans. (i) has not (ii) tertiary
(iii) organised (iv) large
(v) natural; manufactured (vi) interdependent

2. Choose the most appropriate answer.

- The sectors are classified into public and private sector on the basis of:
 - employment conditions
 - the nature of economic activity
 - ownership of enterprises
 - no. of workers employed in the enterprise
- Production of a commodity, mostly through the natural process, is an activity in sector.
 - Primary
 - Secondary
 - Tertiary
 - Information technology
- GDP is the total value of produced during a particular year.
 - all goods and services
 - all final goods and services
 - all intermediate goods and services
 - all intermediate and final goods and services
- In terms of GDP the share of tertiary sector in 2013-14 is between per cent .
 - 20 to 30
 - 30 to 40
 - 50 to 60
 - 60 to 70

Ans. (a) (iii) ownership of enterprises
(b) (i) Primary
(c) (ii) all final goods and services
(d) (iii) 50 to 60

3. Match the following:

Problems faced by farming sector	Some possible measures
1. Unirrigated land	(a) Setting up agro-based mills
2. Low prices for crops	(b) Cooperative marketing societies
3. Debt burden	(c) Procurement of food grains by government
4. No job in the off season	(d) Construction of canals by the government
5. Compelled to sell their grains to the local traders soon after harvest	(e) Banks to provide credit with low interest

Ans.

1	2	3	4	5
(d)	(c)	(e)	(a)	(b)

4. Find the odd one out and say why.

- Tourist guide, dhobi, tailor, potter
- Teacher, doctor, vegetable vendor, lawyer
- Postman, cobbler, soldier, police constable
- MTNL, Indian Railways, Air India, SAHARA Airlines, All India Radio.

Ans. (i) Tourist guide. A tourist guide is employed in the organised sector as they are usually hired by registered travel agencies. The others, i.e., dhobi, tailor and potter all work in the unorganised sector.

(ii) Vegetable vendor is an agricultural worker in the unorganised sector while doctor, teacher and lawyer are all skilled professionals of the service sector.

(iii) Cobbler. A cobbler is a self employed unorganised worker while postman, soldier and police constable are all government servants.

(iv) SAHARA Airlines is a privately owned airline, whereas the others are public sector enterprises.

BE AWARE !!



Students must keep in mind that they will know the difference between organized and unorganized sectors. If students know the characteristics of both sectors, they can easily differentiate between them or choose the odd one out in such questions.

5. A research scholar looked at the working people in the city of Surat and found the following.

Place of work	Nature of employment	Percentage of working people
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in market-places with formal license		15
People working on the street, construction workers, domestic workers		20
Working in small workshops usually not registered with the government		

Complete the table. What is the percentage of workers in the unorganised sector in this city?

Ans.

Place of work	Nature of employment	Percentage of working people
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in market-places with formal license	Organised	15
People working on the street, construction workers, domestic workers	Unorganised	20
Working in small workshops usually not registered with the government	Unorganised	50

The percentage of workers in the unorganised sector in this city is 70%.

6. Do you think the classification of economic activities into Primary, Secondary and Tertiary is useful? Explain how?

Ans. GDP is the value of all the final goods and services produced in the country and this shows the size of the economy.

Yes, the classification of economic activities into three sectors namely, Primary, Secondary and Tertiary is useful because it tells us that products are of three kinds:

- The products that we get from nature—**Primary sector.**
- Products that are manufactured and are at least partly artificial (man-made material)—**Secondary sector.**
- Products that are not goods at all but are services rendered by people either to others (as by doctors, teachers) or for production (engineering, transport, banking, etc.)—**Tertiary sector.**

Reason. Through this classification, we know about the contribution of each of these sectors to the GDP of the country. It also helps us to gauge the level of employment being provided by each sector. In an economy, there could be one or more sectors which are dominant in terms of total production and employment while contribution of other sectors is relatively small in size.

7. For each of the sectors that we came across in the chapter, why should one focus on employment and GDP? Could there be other issues which should be examined? Discuss.

Ans. The focus in Economics is on GDP and its distribution, and therefore on production. Production gives employment opportunities and therefore the emphasis is also on employment. GDP is the value of all the final goods and services produced in the country and thus shows the size of the economy.

However, it is now customary to bring into consideration some other components of economic welfare. GDP alone cannot be an indicator of economic development. It must be accompanied with the concept of human development. Issues like health, education, job security, social welfare, minimum wages are equally important and must be laid emphasis on.

8. Make a long list of all kinds of work that you find adults around you doing for a living. In what way can you classify them? Explain your choice.

Ans. A lawyer, engineer, doctor, architect, factory owner, sweeper, labour, shopkeeper, teacher, farmer, banker, watchman, mine worker, etc. are the common examples of different kinds of work adults do for living.

S. No.	Types of work	Nature of Activity	Sector
1.	Lawyer	Tertiary	Organised
2.	Engineer	Tertiary	Organised
3.	Doctor	Tertiary	Organised
4.	Architect	Secondary	Organised
5.	Factory owner	Secondary	Organised

6.	Labour	Secondary	Unorganised
7.	Shopkeeper	Tertiary	Unorganised
8.	Teacher	Tertiary	Organised
9.	Farmer	Primary	Unorganised
10.	Banker	Tertiary	Organised
11.	Watchman	Tertiary	Unorganised
12.	Mine worker	Primary	Unorganised

9. How is the Tertiary sector different from other sectors? Illustrate with a few examples.

Ans. Tertiary sector is different from the Primary and Secondary sectors as the activities in this sector are different.

- (i) Tertiary sector does not produce any visible goods as in the case of Primary and Secondary sectors.
- (ii) Activities in Tertiary sector help in the development of Primary and Secondary sectors. They act as **aid and support** for the production process.
- (iii) They offer **services** like transportation by trucks and trains, arrangement for storage, help in communicating—letters, telephone, accounting and finance facilities like arranging finance from banks, etc.
- (iv) They also provide **skilled services** rendered by people to other people, e.g., doctors, lawyers, etc.

10. What do you understand by disguised unemployment? Explain with an example each from the urban and rural areas.

Ans. The situation where more people are employed on a job than the required number is described as **disguised unemployment**.

Rural areas. Often in the rural sector a whole family (say, of five adults) work on a farm that needs the labour of only three people. These two extra family members are only helping as they have nothing else to do. Also the labour put in by them does not add to the family income.

Urban areas. This type of under-employment can be seen in urban areas also. There are people of the service sector who may be seen pushing a cart or selling something where they may spend the whole day but earn very little. They are doing this because they do not have better job opportunities.

11. Distinguish between 'open unemployment' and 'disguised unemployment'.

Ans. Open employment is a situation when everyone can see that the person has no job and is clearly unemployed.

Disguised unemployment on the other hand is hidden unemployment. Often in rural sector a whole family (say, four adults) work in a farm that needs the services of only two people. These two people are just helping their family members because they do not have anything else to do. Also the labour put in by these two people does not add to the family income. This situation, where more people are employed than the number required, is described as one of **disguised unemployment**.

12. 'Tertiary sector is not playing any significant role in the development of Indian economy.' Do you agree? Give reasons in support of your answer.

Ans. I do not agree with this statement. It not only plays a very significant role but its importance is also rising.

- Greater the development of Primary sector and Secondary sector, more would be the demand for services.
- In every country, various kinds of services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative office, transport, bank, insurance companies etc. are required. Even development of agriculture and industry leads to the development of services such as transport, trade, storage, etc.
- With the rise in income, demand for more services rises (eating out in restaurants, tourism, schools, professional training, etc.).
- New services like information technology are becoming not only important but they have become essential for modern day trade and industry. However, what is disappointing is that the rapid increase in the size of the Service sector, in India, has not yet shown the expected corresponding increase in employment.

13. Service sector in India employs two different kinds of people. Who are these?

- Ans.
- (i) The first kind of people are the highly skilled and educated people providing specialised services. e.g., doctors, lawyers, accountants etc. There are a limited number of services that employ highly skilled and educated workers and offer big salaries.
 - (ii) There are also a very large number of workers engaged in services, such as small shopkeepers, repair persons, transport persons. These people barely manage to earn a living and yet they perform these services because no alternative opportunities for work are

available to them. Hence, only a part of this sector is growing in importance.

14. Workers are exploited in the Unorganized sector. Do you agree with this view? Give reasons in support of your answer.

Ans. Yes, workers are exploited in the Unorganized sector.

- Jobs here are low-paid and are often not regular. There is no provision for overtime, paid leave holidays, leave due to sickness, etc.
- There is no job security. At times they are asked to leave without any reason and at times, when there is less work, some people are asked to leave.

15. How are the activities in the economy classified on the basis of employment conditions?

Ans. The main distinctions in terms of the conditions of work are as follows:

- (i) Whether the workers have regular employment and job security.
- (ii) Whether they have whole-time employment.
- (iii) Whether they are protected by normal, regular wages, have fixed hours, leave and other benefits. Do they come under prescribed government rules under Industrial and Agricultural Labour Act.

Thus, on the basis of employment conditions, activities are classified into the organised sector and the unorganised sector.

Note: Also see the answer to Question 11.

16. Compare the employment conditions prevailing in the Organized and Unorganized sectors.

Ans. Organized sector:

- (i) In this sector, terms of employment are regular and people have assured work.
- (ii) They are registered by the government.
- (iii) Workers enjoy security of employment, they have to work for fixed hours, they are paid overtime and enjoy several other benefits like paid leave, payment during holidays, provident fund, gratuity, pension, retirement benefits, medical benefits, etc.
- (iv) Entities under organized sector have to follow the rules and regulations which are given in various laws (Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishment Act).

Unorganized sector:

- (i) In this sector, employment is not secure and jobs are irregular.
- (ii) Here government rules are not followed as they are outside the control of the government.

(iii) Usually, they offer low-paid jobs, no provision for overtime, paid leave, holiday leave or sick leave.

(iv) Employees can be asked to leave without any reason. One can also see a large number of under-employed workers in this sector.

17. Explain the objective of implementing the NREGA 2005.

Or, Why is NREGA also called the Right to Work? Explain. (2014, 2015)

Ans. Every state or region in India has potential for increasing the income and employment in that area. Recognising this, the Central Government in India has passed an act called the National Rural Employment Guarantee Act 2005.

The main objectives of the NREGA 2005 are:

- (i) to implement the Right to Work in 200 districts of India.
- (ii) to guarantee 100 days of employment in a year by the government. In case the government fails, it offers unemployment allowance.
- (iii) to give preference to the type of work that will help increase the production from land.

18. Using examples from your area compare and contrast that activities and functions of private and public sectors.

Ans. Private sector:

- (i) Ownership of assets and delivery of services is in the hands of private individuals or companies.
- (ii) This sector is guided by the motive to earn more and more profits.
- (iii) Services of this sector can be obtained only on payment hence, the poor people can not afford services of this sector.
- (iv) This sector does not render services of public utility.

Example: TISCO, Reliance Petrochemicals, Modi Tyres, Bajaj Scooters, Berger Paints

Public sector:

- (i) The government owns assets and takes responsibility to deliver services.
- (ii) This sector is not guided by profit motive.
- (iii) It invests funds to construct structures and infrastructure of public utility.

Examples. Construction of roads, bridges, railways, harbours, generation of electricity, construction of dams, school and college buildings etc.

(iv) All citizens of a country use and obtain services produced by this sector unconditionally.

(v) It collects funds for investment indirectly through taxes on people having certain income and capable to pay them.

Examples: Post & telegraph, Railways, CPWD

19. Discuss and fill the following table giving one example each from your area.

	Well managed organisation	Badly managed organisation
Public sector		
Private Sector		

Ans.

	Well managed organisation	Badly managed organisation
Public sector	Delhi Metro Rail Corporation	Air India
Private Sector	Reliance Mobile	Satyam

20. Give a few examples of Public sector activities and explain why the government has taken them up?

Ans. Following are some of the activities which come under Public sector. Construction of roads, national highways, bridges, railways, harbours, dams for irrigation, etc., providing defence services, health and education (in the social sector), supply of electricity.

Reasons:

- The government has taken up these activities as most of them require spending large sums of money. Thus these are beyond the capacity of the private sector. Also if more of these services come under private sector, they may not provide them at a reasonable cost. People may have to pay more for them.
- There are some activities which the government has to support, *for example*, electricity generation. The government produces and supplies electricity at rates which small scale industries can afford.
- There are a large number of activities which are the primary responsibility of the government, *for example*, providing health and education for all.

21. Explain how public sector contributes to the economic development of a nation.

Ans. In the public sector, ownership of assets and delivery of services is under the government. The government spends huge amounts of money in providing various services to the public at reasonable costs.

The government thus contributes towards the economic development of the nation.

By development of infrastructure:

- (i) Construction of roads, national highways, flyovers, metro-rails, railway lines, irrigation through dams etc.

(ii) The government provides an impetus to industrial growth by supplying electricity at affordable rates.

(iii) By running schools and providing good quality education, the government is trying to eliminate illiteracy and taking the nation forward.

22. The workers in the Unorganised sector need protection on the following issues:

wages, safety and health. Explain with examples.

Ans. **Workers need protection on the following issues:**

Wages. In the unorganised sector jobs are lowly paid. As this sector does not come under the control of the government, they do not follow minimum wage rules. No extra money is paid for working overtime.

Safety. Unlike the organised sector, the working environment is unsafe. Adequate safety and precautionary measures are not taken even in high risk jobs, *for example*, workers in firecracker factories.

Health. They do not enjoy any medical facilities. There is no provision for sick leave. Unhygienic and unsafe working conditions adversely affect the health of workers.

Unorganized sector and need for protection:

- (i) Unorganised sector is at a disadvantage as it is not a compact sector. It is fragmented into small parts and scattered. Thus, workers cannot easily unite and have organisations or trade unions to fight for their rights.
- (ii) Unorganised sector also contains mainly very small enterprises or even individuals that do not enjoy steady market conditions. Therefore they cannot bargain satisfactorily with stronger competitors from the organised markets.

23. A study in Ahmedabad found that out of 15,00,000 workers in the city, 11,00,000 worked in the unorganised sector. The total income of the city in this year (1997-1998) was ₹60,000 million. Out of this ₹32,000 million was generated in the organised sector. Present this data as a table. What kind of ways should be thought of for generating more employment in the city?

Ans.

	Organised sector	Unorganised sector	Total
No. of workers	4,00,000	11,00,000	15,00,000
Income (₹)	32,000 million	28,000 million	60,000 million

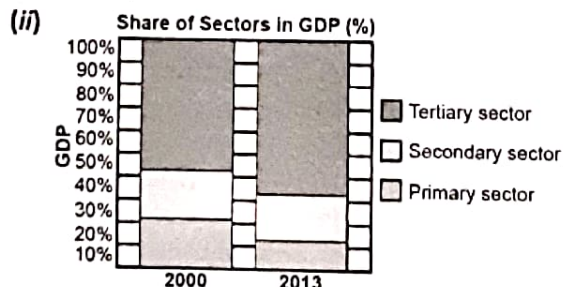
Ways to generate more employment in the city of Ahmedabad have to be provided by the

government, especially in the unorganised sector. As the table shows, the organised sector's earnings are much higher than that of the unorganised sector even though the latter employs almost 80% of the city workers. More companies need to be brought under the roof of the organised sector so that workers from the unorganised sector are attracted to jobs there, with higher and more secure wages. For this, the government must provide loans and aid to companies transferring from unorganised to organised sectors.

24. The following table gives the GDP in Rupees (Crores) by the three sectors:

Year	Primary	Secondary	Tertiary
2000	52,000	48,500	1,33,500
2013	8,00,500	10,74,000	38,68,000

- (i) Calculate the share of the three sectors in GDP for 2000 and 2013.
 (ii) Show the data as a bar diagram similar to Graph 2 in the chapter.
 (iii) What conclusions can we draw from the bar graph?
- Ans. (i) In 2000, Primary sector = 22.22%,
 Secondary sector = 20.73%,
 Tertiary sector = 57.04%
 In 2013, Primary sector = 13.94%,
 Secondary sector = 18.70%,
 Tertiary sector = 67.36%



- (iii) We can draw the conclusion that the share of the tertiary sector in the GDP has almost doubled, while that of the primary sector has almost halved. The secondary sector has grown by about 10% in the last five years.

BE AWARE !!



In the board exam, questions are asked based on the tables given in the NCERT chapters. Hence, it is very important for students to deeply observe, analyze and study these tables.



Hurray!! Its time to go one LEVEL up.



SUBJECTIVE TOPIC-1

Sectors of Economic Activities

Short Answer Type Questions (SA-I) (Easy)

(1 Mark)

- Classify the economy on the basis of the nature of the activity. (2015)
 Ans. The economy is classified on the basis of economic activities into three sectors namely Primary sector, Secondary sector and Tertiary sector.
- Production of a commodity, mostly through the natural process is an activity of which sector? (2013)
 Ans. Primary Sector
- Name the sector which continued to be the largest employer even in the year 2000. (2014)
 Ans. The primary sector continued to be the largest employer even in the year 2000.
- ATM is an example of which sector? (2014)
 Ans. Tertiary sector
- Production of a commodity, mostly through the processing of a natural resource is an activity of which sector? (2013)
 Ans. Secondary Sector
- When we produce goods by exploiting natural resources, in which category of economic sector such activities come?
 Ans. Primary sector is the sector in which we produce goods by exploiting natural resources.
Examples: Natural products which we get from agriculture, dairy, fishing, forestry, etc.
 Primary sector is also called the agriculture and related sector.
- When we change natural products into other forms, in which category of economic sector such activity comes? (2019 Series: JMS/1)
 Ans. Secondary sector.
- Distinguish between 'primary' and 'secondary' sectors. (2019)
 Ans. Primary sector includes all these economic activities which are connected with extraction and production of natural resources, e.g., agriculture, fishing, mining etc. whereas; Secondary sector includes all activities which are concerned with processing materials which have already been extracted at the primary stage.
 For example, the mining of iron ore is a primary industry, but manufacture of steel is a secondary industry.

Short Answer Type Questions (SA-II) (Average) (2-3 Marks)

9. Classify the economic sectors on the basis of nature of activities. Mention the main feature of each. (2014)

Ans. On the basis of nature of activities, economic sectors are classified into—(i) Primary sector, (ii) Secondary sector and (iii) Tertiary sector.

Primary sector forms the base for all other products that we subsequently make. Since most of the natural products we get, are from agriculture, dairy, fishing, forestry, this sector is also called sector for **agriculture and related activities** (stone quarrying, animal husbandry, etc.).

Secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing. It can take place in a factory, workshop or at home.

Examples:

(a) Spinning yarn from cotton fibre from plants.

(b) Making sugar from sugarcane.

It is also called the **Industrial sector**.

Tertiary sector. Activities in this sector do not produce any goods. This sector produces services that act as aid and support to the Primary and Secondary sectors. Services like administration, police, army, transport, hospitals, educational institutions, post and telegraph, courts, municipal corporation, insurance companies, storage, trade communication and banking are some of the examples of activities of the Tertiary sector. This sector is also known as Service sector.

10. With the example of sugarcane, explain the interdependence of all the three sectors of the economy. (2012)

Ans. The primary sector involves production at the most basic level, i.e., through exploitation of natural resources. Cultivation of sugarcane is an agricultural activity which comes under the primary sector. Raw materials from the primary sector are converted into processed goods through manufacturing in the secondary sector. Using sugarcane as raw material, jaggery and sugar are made in the factories. The tertiary or service sector provides support to the process of production. It includes transportation, storage, marketing and sale of products. For instance, transportation of sugarcane from the fields to the sugar mills. Further on, the transportation of jaggery and sugar from factories and sugar mills to the markets.

The farmer (Primary sector) also needs fertilisers and seeds which are processed in some factory

(Secondary sector) and which will be delivered to his doorstep by some means of transportation (Tertiary sector). In this way, for every little process there is interdependence of the three sectors of the economy on each other.

Long Answer Type Questions (LA) (Difficult) (5 Marks)

11. Describe the importance of Primary sector in the Indian economy.

Or, "Primary sector' was the most important sector of economic activity at initial stages of development." Evaluate the statement.

(2020 Series: JBB/1)

- Ans. (i) Primary Sector provides the basic needs of economy for food and mineral ores.
(ii) It produces some of the raw materials (like jute, cotton, coal extracted from mines) for the industrial sector.
(iii) The Primary sector continued to be the largest employer in the economy even in the year 2000, the reason being that Secondary and Tertiary sectors still do not create enough jobs.
(iv) The agricultural population in the Primary sector provides a very large market of consumers for the Secondary sector (for buying finished products like clothes, goods of daily need, fertilisers, etc.).

Related Concept

Overview of primary sector:

- It contributes more than 20% to the GDP of India.
- Its employment share is >55%.
- Most labouring sector of Indian economy.
- It covers agriculture, dairy, fishing, forestry which all contribute to the Indian economy.



SUBJECTIVE TOPIC-2

Comparing the Three Sectors

Short Answer Type Questions (SA-II) (Average) (2-3 Marks)

12. What are final goods and intermediate goods? How do they help in calculating (GDP) Gross Domestic Product? (2013)

Ans. Final goods are goods that are ultimately consumed by the consumer rather than used in the production of another good.

Intermediate goods are goods used as inputs in the production of final goods and services. For example, a car sold to a consumer is a final good; components such as a tyre sold to the car manufacturer is an intermediate good. The value of final goods already includes the value of all intermediate goods that are used in making the final good.

The value of final goods and services produced in each sector during a particular year provides the total production of the sector for that year. And the sum of production in the three sectors gives the **Gross Domestic Product (GDP)** of a country. It is the value of all final goods and services produced within a country during a particular year.

13. What is meant by Gross Domestic Product (GDP)? How is GDP measured in India? (2015)

Ans. GDP of a country is the value of all the final goods and services produced in each sector within a country during a particular year. This indicates how big the country's economy is.

GDP is measured by the **Central Government Ministry**. This Ministry, with the help of all the Indian States and Union Territories, collects information relating to total volume of goods and services and their prices and then makes an estimate of the GDP.

14. How do we count various goods and services for calculating Gross Domestic Product (GDP) of a country? Explain with example.

(2015, 2019 Series: JMS/1)

Ans. GDP (Gross Domestic Product) is the final value of total produce in a given year of the Primary, Secondary and Tertiary (Service) sectors minus the raw materials (like jute, cotton) and intermediate goods (like motor parts produced for car industry). This is to avoid double counting. CSO (Central Statistical Organisation) of Government of India fulfils the task of measuring GDP in India.

GDP can be measured in three ways:

(i) We can count the value of what has been produced in the country in a given year, not counting either raw materials or intermediate goods used in domestic production (this is to avoid double counting).

(ii) Similarly, if we add the incomes earned in a given year in production, we will get the income measure of GDP.

(iii) In the same way we can get the GDP by counting all the payments made in the year. If there are no mistakes made in the three ways of counting, each will give the same value of GDP.

Related Concept

Due to higher standard of living of people in the society, the demand for luxury items has increased and hence the contribution of tertiary sector in GDP is increasing with time.

Long Answer Type Questions (LA) (Difficult)

(5 Marks)

15. "There has been a big change in the three sectors of economic activities, but a similar shift has not taken place in the share of employment." Explain the above statement on the basis of facts. (2014)

Ans. Though there has been a change in the share of the three sectors in GDP, similar shift has not taken place in the structure of employment. The Primary sector continues to be the **largest employer** even in the year 2000. The reason for this is that not enough jobs are created in the Secondary and Tertiary sectors. More than half of the workers in the country are working in the Primary sector, mainly in agriculture, producing only a quarter of GDP. In contrast to this, Secondary and Tertiary sectors produce three-fourths of the produce though they employ less than half of the people.

Reasons:

(i) During the last thirty years in the Indian economy, not enough jobs have been created in the Secondary and Tertiary sectors, although their output has increased many folds. As a result more than half of the workers in the country are working in the primary sector, mainly agriculture, causing gross underemployment due to overcrowding in the sector.

(ii) There are more people engaged in agricultural activities than is necessary. The situation is such that even if we remove a lot of people from agriculture, the production of this sector will not be affected.

16. "Tertiary sector activities help in the development of the primary and secondary sectors." Evaluate the statement.

Ans. Tertiary Sector does not directly produce any goods but helps the primary and secondary sectors by activities that are an aid or a support for the production process.

The tertiary sector helps in the development of the primary and secondary sectors by:

(i) **Transportation.** Goods that are produced in the primary or secondary sector would need to be transported by trucks or trains

and then sold in wholesale and retail shops. Thus it provides infrastructure for the sale of goods produced by these two sectors.

- (ii) **Storage.** Offering storing facilities for goods produced by primary and secondary sectors. At times, it may be necessary to store these goods in godowns, which is also a service.
- (iii) **Banking.** Providing banking facilities to facilitate all money transactions. It also helps the borrowers to borrow money from banks (banking) for production and trade.
- (iv) **Communication.** Offering communication facilities. As people from different parts of the country need to communicate during their business as well as personal dealings.

Such facilities provided by the tertiary sector help in augmenting production and sales levels of the primary and secondary sectors thus paving the way for their development.

17. Explain the importance of the service sector.

(2013)

Or, Explain reasons for the rising importance of the tertiary sector in India.

(2012, 2017 D,

2019 Series: JMS/1, 2019 Series: JMS/4)

Or, Why is 'Tertiary Sector' becoming important in India? Explain.

(2023)

Ans. Tertiary sector or Service sector plays a very significant role and its importance is rising day by day:

- (i) Greater the development of primary sector and secondary sector more would be the demand for Services.
- (ii) Tertiary sector has become the largest producer in India because various kinds of Services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, transport, banks, insurance companies, etc. are required.
- (iii) Even development of agriculture and industry leads to the development of services such as transport, trade and storage, etc.
- (iv) With the rise in income, demand for more services is rising. For example, eating out in restaurants, tourism, malls and shopping complexes, schools, professional training, etc.
- (v) New services like Information Technology and outsourcing have become very important for modern day trade and industry.

Unfortunately, the rapid growth of the service sector in India has not yet shown the expected corresponding increase in employment.

18. Explain how 'Tertiary Sector' is different from other sectors.

(2023)

Ans. Tertiary sector is different from the Primary and

Secondary sectors as the activities in this sector are different.

- (i) Tertiary sector does not produce any visible goods as in the case of Primary and Secondary sectors.
- (ii) Activities in Tertiary sector help in the development of Primary and Secondary sectors. They act as **aid and support** for the production process.
- (iii) They offer **services** like transportation by trucks and trains, arrangement for storage, help in communicating by way of letters, telephonic calls, accounting and finance facilities like arranging finance from banks, etc.
- (iv) They also provide **skilled services** rendered by some professionals to other people, e.g., doctors, lawyers, etc.

19. Define tertiary sector. Describe about the different kinds of people employed in this sector in India.

Ans. Activities in this sector do not produce any goods. This sector produces services that act as aid and support to the primary and secondary sector. Services like administration, police, army, transport, hospitals, educational institutions, post & telegraph, courts, municipal corporation, banking & insurance, storage, trade and communications are examples of activities in the tertiary sector. This sector is also known as the **Service Sector**.

- (i) The first kind of people are the highly skilled and educated people providing specialised services. For example, doctors, lawyers, accountants, etc. There are a limited number of services that employ highly skilled and educated workers and offer big salaries.
- (ii) There are also a very large number of workers engaged in services, such as small shopkeepers, repair persons, transport persons. These people barely manage to earn a living and yet they perform these services because no alternative opportunities for work are available to them. Hence, only a part of this sector is growing in importance.



SUBJECTIVE TOPIC-3

Unemployment and How to create more Employment

Short Answer Type Questions (SA-I)
(Easy)

(1 Mark)

20. What is disguised unemployment? (2012)

Ans. Disguised unemployment is a situation in which

more people are employed on a job than the required number.

21. What do final goods and services mean? (2014)

Ans. The various production activities in the primary, secondary and tertiary sector produce large number of goods and services for consumption and investment are final goods and services.

22. How many days of guaranteed employment are provided under National Rural Employment Guarantee Act, 2005? (2014)

Ans. 100 days of employment are guaranteed under NREGA, 2005.

23. Suggest any one way to create employment opportunity in the rural areas. (2015)

Ans. Setting up a *dal* mill, opening a cold storage, starting or promoting honey collection are some of the ways of creating employment opportunities in rural areas.

24. Suggest any one way to create employment in semi-rural areas. (2020 Series: JBB/1)

Ans. Development of cottage industry, small-scale manufacturing units, agro-processing industries and handicrafts can create employment in semi-rural areas. Promote and locate industries and services in semi-rural areas where a large number of people may be employed, *for example*, setting up a *dal* mil, opening a cold storage etc.

Short Answer Type Questions (SA-II) (Average) (2-3 Marks)

25. "The problem of underemployment is not confined only to agriculture." Support the statement with examples. (2013)

Ans. The problem of underemployment is not confined only to agriculture. It can also happen in other sectors.

- *For example*, there are thousands of casual workers in the Service sector in urban areas who search for daily employment. They are employed as painters, plumbers, repair persons and other odd jobs. Many of them don't find work everyday.
- Similarly, we see other people of the Service sector on the street pushing a cart or selling something where they may spend the whole day but earn very little. They are doing such work only due to the lack of better employment opportunities.
- The Unorganised sector includes small and scattered units outside the government control. Employment is not secure. People can be asked to leave without any reason.

When there is less work, such as during some seasons, some people may be asked to leave.

26. Explain any three ways to solve the problem of underemployment. (2013)

Ans. There are people who are capable of better work and earning more than what they are getting. The reason for this is that better jobs for which they are qualified are not available. Such people are termed as **underemployed**, *e.g.*, a graduate teacher driving a taxi. Underemployment is most prevalent in the primary or agricultural sector.

Three ways to solve the problem of Under-employment:

- (i) Provision of loans may help in creating jobs for disguised unemployed and under-employed workers. The loan money can be used for the promotion of economic activity of the family adding to the family's earning or for setting up a cottage industry.
- (ii) Another way is to promote and locate industries and services in semi-rural areas where a large number of people may be employed. *Example*, Setting up a *dal* mill, opening a cold storage, starting or promoting honey collection.
- (iii) If local banks give credit to farmers at a reasonable rate of interest, they will be able to buy agricultural inputs and increase productivity.
- (iv) Centres for vegetables and fruit processing, health centres, educational institutions, tourism and IT centres will certainly help in creating jobs.

27. Why didn't shift out of primary sector happen in case of employment although there has been a change in the share of the three sectors in GDP? (2013)

Ans. A remarkable fact about India is that while there has been a change in the share of the three sectors in GDP, a similar shift has not taken place in employment.

- (i) A similar shift out of primary sector did not happen in case of employment because not enough jobs were created in the secondary and tertiary sectors.
- (ii) Even though industrial output or the production of goods went up by eight times during the period, employment in the industry went up by only 2.5 times.
- (iii) While production in the Service sector rose by 11 times, employment in the Service sector rose less than three times.

As a result, more than half of the workers in the country are working in the Primary sector, mainly in agriculture, producing only a quarter of the GDP.

28. Why is NREGA also called the Right to work? Explain the objectives of National Rural Employment Guarantee Act 2005. (2015, 2014, 2013)

Ans. Every state or region in India has potential for increasing the income and employment in that area. Recognising this, the Central Government in India has passed an act called the National Rural Employment Guarantee Act 2005.

Main objectives of the NREGA 2005 are:

- to implement the **Right to Work** in 200 districts of India.
- to guarantee 100 days of employment in a year by the Government. In case the Government fails, it offers unemployment allowance.
- to give preference to the type of work that will help increase the production from land.

29. How can we create more employment in Secondary and Tertiary sectors in rural India? (2012)

- Ans. (i) Investing in basic agricultural infrastructure like construction of dams and canals for irrigation can lead to a lot of employment generation within the agricultural sector itself reducing the problem of under-employment.
- (ii) If the government invests some money in the storage and transportation of crops, or makes better rural roads so that mini-trucks reach everywhere, several farmers can continue to grow and sell these crops throughout the year. This activity can provide productive employment to not just farmers but also others such as those in services like transport or trade.
- (iii) Providing credit at a reasonable rate of interest to help farmers buy seeds, fertilisers, agricultural equipments, pump-sets etc. can generate employment in rural banking.
- (iv) The government/banks can provide loans at cheap rates to the small farmers to improve their irrigational facilities like constructing a well so that they can irrigate their land well and get two to three crops a year instead of one. Thus more people can be employed in the same field.
- (v) Another way is to promote and locate industries and services in semi-rural areas where a large number of people may be employed. For example, setting up a dal

mill, opening a cold storage, starting or promoting honey collection, etc.

30. How can employment be increased in both rural and urban areas? Explain. (2013, 2017 OD)

Or, How to create more employment in rural areas? Explain with examples. (2023)

Ans. **Ways to provide more employment opportunities in rural areas:**

- (i) Provision of loans may help in creating jobs for disguised unemployed and under-employed workers in rural area. The loan money can be used for the promotion of economic activity of the family, adding to the family's earning or for setting up a cottage industry.
- (ii) Centres for vegetables and fruit processing, health centres, educational institutions, tourism and IT centres can also help in creating jobs in rural area.
- (iii) Promote and locate industries and services in semi-rural areas where a large number of people may be employed. *Example*, setting up a dal mill, opening a cold storage, starting or promoting honey collection.
- (iv) Promoting small-scale industries, small-scale manufacturing units, agro-processing industries and providing loans for the same. The government/banks can provide loans at cheap rates to the small farmers to improve their irrigational facilities so that they can get two or three crops a year instead of one. Thus more people can be employed in the same field.
- (v) If more dams are built and canal water is provided to all the small farmers, then a lot of employment can be generated in the agricultural sector.
- (vi) If more money is spent on transportation and storage, then not only small farmers will be benefitted but many more people can be employed in transport and storage sector.
- (vii) Investing more in tourism and employing more youth in this sector.

To increase employment opportunities in urban areas:

- (i) The Government should promote Small-Cottage Industries.
- (ii) Government can arrange to give small amounts of loans to all the people/youth who want to self-employ themselves by getting into small time business.
- (iii) Existing industries can be encouraged to grow and create more employment opportunities.



SUBJECTIVE TOPIC-4

Division of Sectors— Organised & Unorganised

Short Answer Type Questions (SA-II) (Average) (2-3 Marks)

31. Examine the benefits that are enjoyed by the people working in the organized sector. (2023)

Ans. *Benefits enjoyed by the people working in the Organised sector are:*

- (i) Organised sector is registered by the government and follows its rules and regulations which are given in various laws (Example, Factory Act, Minimum Wages Act, Payment of Gratuity Act, Shop and Establishment Act, etc.).
- (ii) Workers in Organised sector enjoy job security, work for a fixed number of hours and are paid overtime if they work more than the fixed number of hours.
- (iii) The employees enjoy certain benefits like paid leave, payment during holidays, Provident Fund and Gratuity, etc.

Long Answer Type Questions (LA) (Difficult) (5 Marks)

32. Why is organised sector preferred by the employees? Explain. (2020 Series: JBB/3)

Or, "There are several things needed by the society as a whole". In the light of this statement explain as to who can provide them at a reasonable cost, the private or the public sector and why? (2013)

Or, Explain any three demerits of private sector.

Ans. Society as a whole needs several things which the private sector will not be able to provide at a reasonable cost.

Reasons:

- (i) Activities in the private sector are guided by the motive to earn profits and not welfare of the people.
- (ii) There are several services needed by the society which the private sector cannot provide at a reasonable price. Activities like construction of roads, bridges, railways, irrigation through dams etc., require huge amount of money which is beyond the capacity of the Private sector. Private sector charges high rates for the use of these services.

(iii) It is difficult for the Private sector to collect money from thousands of people who use these services.

(iv) The Private sector sometimes ignores regional balanced development, equality of income and development of basic industries.

(v) Private sector charges include profit margins whereas the government will charge a reasonable price for services. It is the primary duty of the government to ensure the provision of public facilities with a service motto.

33. Describe any five conditions or aspects that you would consider before accepting a job? (2014)

Ans. *Before accepting a job many factors need to be considered apart from salary:*

- (i) These include factors such as facilities for families, working atmosphere, or opportunity to learn.
- (ii) In another case, a job may give less pay but may offer regular employment that enhances sense of security. Another job however, may offer high pay but no job security and also leave no time for family.
- (iii) The terms of employment are as per government rules and regulations.
- (iv) The enterprise also gives several other benefits like paid leave, provident fund, gratuity, etc.
- (v) The employer also makes provisions for medical benefits and safe working environment. A safe and secure environment may allow more women to take up a variety of jobs.

34. How can workers in the unorganised sector be protected? Explain giving examples of rural and urban areas.

Or, Why is there a need to protect workers in the Unorganized Sector? Explain. (2023)

- Ans. (i) In the rural areas, this sector comprises of landless agricultural labourers, small and marginal farmers, share croppers and artisans (weavers, carpenters, goldsmiths). These farmers need to be supported through adequate facility for timely delivery of seeds, agricultural inputs, credit, storage facilities and marketing outlets.
- (ii) In urban areas, workers in the small scale industry, casual workers in construction, trade and transport, street vendors, head load workers, garment makers, ragpickers etc. are all a part of the unorganised sector. Small scale workers need government aid for procuring raw materials and marketing of their goods.

- (iii) Jobs are usually low paid and not regular. There is no security of jobs. Labour exploitation may exist. Employers are masters who can ask workers to leave whenever they so desire. Usually, it is done when there is less work. (Example, hired labourers in farms, tailors in a garment-making factory involved in export.)
- (iv) Workers in unorganised sector do not enjoy the benefits which are enjoyed by the workers in the Organized sector.
- (v) The government must make concerted efforts to ensure that workers in this sector are not exploited and earn fair wages. They must also be provided with job security and other benefits.

Related Concept

There is a need for workers in the unorganized sector to be supported and protected. Some ways - The government has the authority to set the minimum pay and working hours. Self-employed workers can get low-cost loans from the government and can also get low-cost, accessible fundamental amenities such as education, health care, and food. New legislation for overtime, paid leave, and sick leave can be made.

35. Distinguish the service conditions of organised sector with that of unorganised sector. (2018)

Or, Compare the employment conditions prevailing in the organized and unorganized sector. (2023)

Ans. **Organised sector:**

- (i) It is registered by the government and follows its rules and regulations which are given in various laws (Example, Factory Act, Minimum Wages Act, Payment of Gratuity Act, Shop and Establishment Act, etc.).
- (ii) Workers in Organised sector enjoy job security, work for a fixed number of hours, get overtime if they work more than the fixed number of hours.
- (iii) They enjoy certain benefits like paid leave, payment during holidays, Provident Fund and gratuity, etc.

Unorganised sector:

- (i) By the unorganised sector, we usually mean small and scattered industries. They are largely outside the government jurisdiction.
- (ii) Jobs are usually low paid and not regular. There is no security of jobs. Labour exploitation may exist. Employers are masters who can ask workers to leave whenever they so desire. Usually, it is done when there is less work. (Example, hired labourers in farms, tailors in a garment-making factory involved in export.)

- (iii) Workers in Unorganised sector do not enjoy the benefits which are enjoyed by the workers in the Organized sector.



SUBJECTIVE TOPIC-5

Sectors in terms of Ownership—Private Sector and Public Sector

Short Answer Type Questions (SA-I) (Easy)

(1 Mark)

36. Classify the economy on the basis of ownership of enterprises. (2012)

Ans. Public Sector and Private Sector.

37. Name the sector in which the government owns most of the assets and provides all the services. (2013, 2017 OD)

Ans. Public Sector

38. How is public sector different from Private sector? (2020 Series: JBB/1)

Ans. In Public sector the government owns most of the assets and provides all kinds of services.

Example: Railways, post offices, Construction of roads, bridges, harbours and dams, etc. The main motive is the welfare of the people (masses).

In Private sector, ownership of assets and delivery of services are in the hands of private individuals or companies like Tata Iron and Steel Co., Reliance. The main motive of the Private sector is to make profit.

Short Answer Type Questions (SA-II) (Average)

(3 Marks)

39. Explain how public sector contributes to the economic development of a nation. (2012, 2019 Series: JMS/4)

Or, Examine how 'Public Sector' contributes in the economic development of the nation? (2023)

Ans. In the public sector, ownership of assets and delivery of services is under the government. The government spends huge amounts of money in providing various services to the public at reasonable costs.

The government thus contributes towards the economic development of the nation.

By development of infrastructure, i.e.,

- (i) Construction of roads, national highways,

flyovers, metro-rails, railway lines, irrigation through dams, etc.

- (ii) The government provides an impetus to industrial growth by supplying electricity at affordable rates.
- (iii) By running schools and providing good quality of education, the government is trying to remove illiteracy and taking the nation forward.

Long Answer Type Questions (LA) (Difficult) (5 Marks)

40. State any five features each of public sector and private sector. (2015)

Ans. **Public Sector:**

- (i) The government owns most of the assets.
- (ii) All the services are provided by the government.
- (iii) The main motive of the public sector is the welfare of the people (masses). Activities are guided by the interest of the nation as a whole.
- (iv) Employees feel secured and there is discipline and regular work.
- (v) Governments raise money through taxes and other means.
- (vi) For example, railways, post offices, construction of roads, bridges, harbours, dams, etc.

Private Sector:

- (i) In the private sector, ownership of assets is in the hands of private individuals or companies.
- (ii) Services are provided or are in the hands of individuals.
- (iii) Activities in the private sector are guided by the motive to earn profits and not welfare of the people.
- (iv) Jobs of the employees are less secured and the whims of the owners are above all.
- (v) Private sector charges high rates for the use of services provided by them.
- (vi) For example, Companies like Tata Iron and Steel Co. (TISCO), Reliance Industries, etc.

41. Explain with suitable examples how public sector contributes to the economic development of the nation. (2015)

Or, How does public sector contribute to the economic development of the nation? Explain. (2018 Comptt.)

Ans. **Role of Public sector in economic development.**

The Public sector is that sector of the economy in which the government owns most of the assets and provides all the services, e.g., railways, post and telegraph.

- (i) It promotes rapid economic development through creation and expansion of infrastructure.
- (ii) The public sector provides various services and facilities like construction of roads, bridges, railways, irrigation through dams, etc. where heavy spending is required.
- (iii) A large number of activities are a primary responsibility of the government like schools, hospitals, housing, safe drinking water, etc.
- (iv) Certain activities are meant to be supported by the government, like providing electricity to small scale industries at low prices, supply of food to the poor, etc. It encourages development of small, medium and cottage industries.
- (v) It ensures availability of goods and services at moderate rates and also contributes to community development through creation and expansion of infrastructure.

42. "There are several things needed by the society as a whole." In the light of this statement explain as to who can provide them at a reasonable cost, the private or the public sector and why?

(2017 OD)

Ans. Society as a whole needs several things which the private sector will not be able to provide at a reasonable cost.

Reasons for this are:

- (i) Activities in the private sector are guided by the motive to earn profits and not welfare of the people.
- (ii) There are several services needed by the society which the private sector cannot provide at a reasonable price. Activities like construction of roads, bridges, railways, irrigation through dams, etc., require huge amount of money which is beyond the capacity of the Private sector. Private sector charges high rates for the use of these services.
- (iii) It is difficult for the Private sector to collect money from thousands of people who use these services.
- (iv) The Private sector sometimes ignores regional balanced development, equality of income and development of basic industries.
- (v) Private sector charges include profit margins whereas the government will charge a reasonable price for services. It is the primary duty of the government to ensure the provision of public facilities with a service motto.



2024 CBSE BOARD EXAMINATION

Questions

2024 (Series: AB3CD/1) Set-I

Q.17. Which one of the following is an example of organized sector activities? 1

- (a) A farmer irrigating his field.
- (b) A handloom weaver working in her house.
- (c) A headload worker carrying cement.
- (d) A teacher taking classes in a government school.

Q.24. Differentiate between Public and Private Sector. 2

2024 (Series: AB3CD/1) Set-II

Q.24. Differentiate between organized and unorganized sectors. 2

Q.28. 'Formal sector of credit better than informal sector.' Give arguments in support of your answer. 3

2024 (Series: AB3CD/1) Set-III

Q.24. Differentiate between primary and secondary sectors of the economy. 2

2024 (Series: AAB1/3) Set-I

Q.19. Primary, Secondary and Tertiary sectors are divided in which one of the following basis? 1

- (a) Nature of employment
- (b) Nature of activities
- (c) Nature of ownership
- (d) Nature of income

Q.29. Examine the role of Public Sector in the development and well-being of a country. 3

2024 (Series: AAB1/3) Set-II

Q.29. Examine the role of Tertiary sector in the development of the country. 3

2024 (Series: AAB1/3) Set-III

Q.29. Examine the role of Public Sector in the development of the country. 3



SCAN ME!
FOR ANSWERS

ECONOMICS

Competency Based Questions

Stand Alone Multiple Choice Questions

1
mark

- GDP stands for Gross Domestic Product. What does it show? Pick up the correct statement given below:
 - It shows how big is the economy of a country in a given year in terms of its total output.
 - It shows what the total product of a country in a given year without counting the country's total resources.
 - It shows the number of people involved in production in a particular year.
 - It shows the total value of trade transactions of a country in a particular year.
- Employment figures of a country are based on data collected from 5-yearly survey on employment and unemployment. Which organisation conducts this survey?
 - NSSO—National Sample Survey Organisation
 - NREGA 2005—National Rural Employment Guarantee Act, 2005
 - ILO—International Labour Organisation
 - Census of India
- Identify the natural product from the list of items given below:

(a) Textile	(b) Wheat flour
(c) Cotton	(d) Tomato sauce
- Which of the following examples does not fall under unorganised sector?
 - A farmer irrigating his field.
 - A daily wage labourer working for a contractor.
 - A doctor in a hospital treating a patient.
 - A handloom weaver working on a loom in her house.
- Both Tisco and Reliance Industries are owned by
 - The government
 - Private company
 - A cooperative society
 - Jointly by private companies and the govt.
- NREGA (National Rural Employment Guarantee Act of 2005) has guaranteed days of employment in a year in many districts of India. What are the correct number of days?

(a) 200 days	(b) 100 days
(c) 30 days	(d) 60 days
- Choose one correct statement from the following: Underemployment occurs—
 - when people are not willing to work.
 - when people are working slowly.
 - when people are not paid for their jobs.
 - when people are working less than what they are capable of doing.
- Which sector has emerged as the largest producing sector in India. Select one from the following alternatives:
 - Secondary sector
 - Tertiary sector
 - Primary sector
 - Science and Technology sector
- Where will you find the disguised unemployment most? Select the correct option from those given below:
 - Among agricultural workers working for small farm lands.
 - Among part-time industrial workers.
 - In most of the government offices.
 - In big private companies.
- How do big private companies contribute in the development of a nation?
 - By increasing the demands for their products through advertisements.
 - By increasing their profits.
 - By increasing productivity of the country in the manufacturing of industrial goods.
 - By providing private hospital facilities for the rich.
- Which one of the following pairs is correctly matched? (2023)

(a) Primary Sector	— Money Lender
(b) Secondary Sector	— Priest
(c) Tertiary Sector	— Bank
(d) Manufacturing Sector	— Gardener
- Which one of the following is an activity of the unorganized sector? (2023)
 - A teacher teaching in a school.
 - A worker going to work in a big factory.
 - A doctor treating patients in a hospital.
 - A daily wage labourer working under a contractor.
- Which one of the following sectors contribute highest in the GDP of India? (2023)

(a) Primary	(b) Secondary
(c) Tertiary	(d) Quaternary

14. Which one of the following is the preceding Government Agency of NITI Aayog? (2023)
- Planning Commission
 - Election Commission
 - University Grants Commission
 - Union Public Service Commission
15. Which one of the following pairs is correctly matched? (2023)
- Primary Sector — Flower Cultivator
 - Secondary Sector — Milk Vendor
 - Tertiary Sector — Fisherman
 - Manufacturing Sector — Gardener

Assertion-Reason Questions

1 mark

DIRECTION: There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
- Both Assertion and Reason are true but Reason is not the correct explanation of Assertion.
- Assertion is true but Reason is false.
- Both Assertion and Reason are false.

1. **Assertion.** In India, over the forty years between 1973-74 and 2013-14, while production in all the three sectors has increased, it has increased the most in the tertiary sector.

Reason. Tertiary sector is the only organised sector in the economy so the government spends a lot of money for creating jobs in tertiary sector.

2. **Assertion.** The development of agriculture and industry leads to the development of service sector.

Reason. As the primary and secondary sectors develop, the demand for transport, storage structures, banks, insurance, etc., increases.

3. **Assertion.** GDP shows how big an economy is.

Reason. GDP is the value of all goods and services

produced within the domestic territory of a country in a year.

4. **Assertion.** Leela works five days a week, receives her income on the last day of each month and gets medical facilities from her firm.

Reason. Leela is working in an organised sector.

5. **Assertion.** When calculating the total value of goods and services produced in a country, the value of all goods and services at each stage of production should be calculated.

Reason. At each stage of production some value is added to a good or service, therefore, the value added at each stage of production is added to derive the total value of goods and services in an economy.

6. **Assertion.** In India, the primary sector is the largest employer.

Reason. The demand for services has increased enormously.

7. **Assertion.** Reliance industries is a privately-owned firm.

Reason. Government is a major stakeholder in Reliance industries.

8. **Assertion.** An individual who manufactures flour from wheat is engaged in primary sector.

Reason. When some process of manufacturing is used the product is a part of secondary sector.

9. **Assertion.** Rakesh is an educated and skilled worker who earns a high monthly salary as he is employed in a private bank in a city.

Reason. All service sectors in India are growing extremely well and each individual engaged in any kind of tertiary activity earns a high income.

10. **Assertion.** Mohan is a shopkeeper who pays his taxes on time. He has employed two workers Rakesh and Raghu in his shop. He pays them well, however, none of the workers get any paid leaves in the year.

Reason. Rakesh and Raghu are employed in unorganised sector.

Match the Columns

1 mark

Column-A (Problems faced by farming sector)	Column-B (Some possible measures)
(a) Unirrigated land	(i) Setting up agro-based mills.
(b) Low prices for crops	(ii) Cooperative marketing societies.
(c) Debt burden	(iii) Procurement of food grains by government.
(d) No job in the off season	(iv) Construction of canals by the government.
(e) Compelled to sell their grains to the local traders soon after harvest	(v) Banks to provide credit with low interest.

2.	Column-A	Column-B
	(a) Organised sector	(i) Industries owned by government
	(b) Unorganised sector	(ii) Industries owned by individuals
	(c) Public sector	(iii) Service sector
	(d) Private sectors	(iv) Places of work where the terms of employment are regular and organised.
	(e) Tertiary sector	(v) Places of work where the terms of employment are not regular.

3. Choose the incorrect option from the following: (2020 Series: JBB/3)

List-I	List-II
(a) Courier	(i) Tertiary sector
(b) Fisherman	(ii) Primary sector
(c) Carpenter	(iii) Primary sector
(d) Banker	(iv) Tertiary Sector

Case/Source Based Questions

4-5 marks

1. In contrast, Kamal works in the unorganised sector. The unorganised sector is characterised by small and scattered units which are largely outside the control of the government. There are rules and regulations but these are not followed. Jobs here are low-paid and often not regular. There is no provision for overtime, paid leave, holidays, leave due to sickness etc. Employment is not secure. People can be asked to leave without any reason. When there is less work, such as during some seasons, some people may be asked to leave. A lot also depends on the whims of the employer. This sector includes a large number of people who are employed on their own doing small jobs such as selling on the street or doing repair work. Similarly, farmers work on their own and hire labourers as and when they require.

Answer the following questions by choosing the most appropriate options:

- Tata group of companies is an example of sector.
(a) Organised sector (b) Unorganised sector
(c) Public sector (d) Private sector
- People working in unorganised sector are permanent employees. (True/False)
- There is in unorganised sector.
(a) more money (b) good facilities
(c) job security (d) job insecurity
- Organised sector does not follow any rules and regulations. (True/False)

- II. Study the data given in the table and answer the following questions by choosing the most appropriate options:

Workers in different Sectors (in Millions)

Sector	Organised	Unorganised	Total
Primary	2	240	242
Secondary	9	54	63
Tertiary	17	76	93
Total	28	370	398

- Which is the most important sector that provides most jobs to the people?
(a) Primary Sector and especially organised
(b) Secondary Sector and especially organised
(c) Tertiary Sector and especially organised
(d) Primary sector and especially unorganised
- What is the number of persons engaged in the unorganised sector?
(a) 370 Millions (b) 398 Millions
(c) 76 Millions (d) 240 Millions
- What is the secondary sector?
(a) Production of a good by exploiting natural resources.
(b) Activities in which natural products are changed into other forms through ways of manufacturing.
(c) Activities, by themselves, do not produce a good but they are an aid or support for the production process.
(d) Mineral excavation
- is most important organised sector because
(a) Secondary sector; It is the backbone of primary and tertiary sectors.

- (b) Primary sector; It provides the most job opportunities to the people.
- (c) Tertiary sector; As income levels rise, certain section of people demand more services.
- (d) Primary sector; Contributes more than 20% to GDP in India.

III. As the methods of farming changed and agriculture sector began to prosper, it produced much more food than before. Many people could now take up other activities. There were increasing number of craftpersons and traders. Buying and selling activities increased many times. Besides, there were also transporters, administrators, army etc. However, at this stage, most of the goods produced were natural products from the primary sector and most people were also employed in this sector.

Answer the following questions by choosing the most appropriate options:

9. Farming comes under sector.
 - (a) Primary (b) Secondary
 - (c) Tertiary (d) Service
10. Transporters and army officials are a part of Sector.
 - (a) Primary (b) Service
 - (c) Secondary (d) Public
11. Natural products form a part of secondary sector. (True/False)

IV. We must realise that some of the suggestions discussed above would take a long time to implement. For the short-term, we need some quick measures. Recognising this, the central government in India made a law implementing the **Right to Work** in about 625 districts of India. It is called Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005).

Answer the following questions by choosing the most appropriate options:

12. Right to work means:
 - (a) All the women even if they are unskilled should be given jobs.
 - (b) Only men should be provided jobs as they are the head of the family.
 - (c) All the people who are capable of working should be given opportunity to work.
 - (d) All of these.
13. Provision which does not come under MGNREGA 2005 is
 - (a) People in Rural areas given 100 days guaranteed employment.
 - (b) Government can give unemployment allowance to people.

- (c) People can go to urban areas as well for employment.
- (d) All of these

14. Govt. can remove poverty by giving money to poor people. (True/False)
15. MGNREGA 2005 was implemented in
 - (a) Only the villages.
 - (b) Patches of forests or large forests that have been left untouched by the local people.
 - (c) The area that are under government control.
 - (d) Local communities to take care of them.

V. With so many thousands of goods and services produced, we might think this is an impossible task! Not only would the task be enormous, we might also wonder how we can add up cars and computers and nails and furniture. It won't make sense!!!

Economists suggest that the values of goods and services should be used rather than adding up the actual numbers. For example, if 10,000 kgs of wheat is sold at ₹8 per kg, the value of wheat will be ₹80,000. The value of 5,000 coconuts at ₹10 per coconut will be ₹50,000. Similarly, the value of goods and services in the three sectors are calculated, and then added up.

Remember, there is one precaution one has to take. Not every good (or service) that is produced and sold needs to be counted. It makes sense only to include the final goods and services.

Answer the following questions by choosing the most appropriate options:

16. The value of final goods and services produced in each sector during a particular year provides the
 - (a) Average production of the sector for that year
 - (b) Net production of the sector for that year
 - (c) Total production of the sector for that year
 - (d) Gross production of the sector for that year
17. GDP stands for Gross Domestic Product, what does it show? Pick up the correct statement given below:
 - (a) It shows how big is the economy of a Country in a given year in terms of its total output.
 - (b) It shows what the total product of a country in a given year is without counting the country's total resources.
 - (c) It shows the number of people involved in production in a particular year.
 - (d) It shows the total value of trade transactions of a country in a particular year.
18. The task of measuring the GDP is undertaken by the
 - (a) Parliament (b) Central Government
 - (c) Provincial Govt. (d) State Governments

Stand Alone Multiple Choice Answers

1. (a) 2. (a) 3. (c) 4. (c) 5. (c)
6. (b) 7. (d) 8. (b) 9. (a) 10. (c)
11. (c) 12. (d) 13. (c) 14. (a) 15. (a)

Assertion-Reason Answers

1. (c) Assertion is true but reason is false.
There are several reasons for increased production in tertiary sector such as increase in demand for education, health, communication and transportation, development of agriculture sector, increase in level of income and development of information and technology sector.
2. (a) Both assertion and reason are true and reason is the correct explanation of assertion.
As the primary and secondary sectors develop, the demand for the aforementioned tertiary activities increases. Not just the demand for mentioned services increases, but as individuals become better off, the demand for education, health services, professional training and communication also increases. Therefore, the development of primary and secondary sectors leads to the development of service or tertiary sector.
3. (a) Both assertion and reason are true and reason is the correct explanation of assertion.
GDP is the value of all final goods and services produced within a country. A higher GDP is indicator of higher production level and higher economic activity. Also, a higher GDP implies people of the country are earning more so it is indicative of the size of an economy.
4. (a) Both assertion and reason are true and reason is the correct explanation of assertion.
The firms in organised sector are registered by the government and have to follow its rules and regulations which are given in various laws such as the Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishments Act, etc.
5. (d) Both assertion and reason are false.
When calculating the total value of goods and services produced in a country, the value of final goods and services is calculated. If we add the value of goods and services at each stage of production, we will get an inflated GDP as the same value would be included multiple times.
6. (b) Both A and R are true but R is not the correct explanation of A.

The primary sector remains the largest employer in India because not enough jobs have been created in the secondary and tertiary sectors. However, the demand for services has increased owing to increase in demand for education, health, communication and transportation, development of agriculture sector, increase in level of income and development of information and technology sector.

7. (c) Assertion is true but reason is false.
Reliance industry is a privately-owned company where Govt. is not involved in its day-to-day business.
8. (d) Both assertion and reason are false.
An individual who manufactures flour from wheat is engaged in secondary sector as the products that are not manufactured directly from nature but require some manufacturing process are a part of secondary sector.
9. (c) Assertion is true but reason is false.
In India, not the entire service sector is growing equally well. Service sector in India employs many different kinds of people. At one end there are a limited number of services that employ highly skilled and educated workers. At the other end, there are a very large number of workers engaged in services such as small shopkeepers, repair persons, transport persons, etc. These people barely manage to earn a living and yet they perform these services because no alternative opportunities for work are available to them.
10. (a) Both assertion and reason are true and reason is the correct explanation of assertion.
If Rakesh and Raghu were employed in organised sector, they would receive benefits such as paid leaves, medical insurance and pension schemes from the employer. Mohan is not following labour laws as he does not provide any paid leave to his employees in the year.

Match the Columns

1. (a)–(iv); (b)–(ii); (c)–(v); (d)–(i); (e)–(iii)
2. (a)–(iv); (b)–(v); (c)–(i); (d)–(ii); (e)–(iii)
3. (c)

Case/Source Based Answers

- | | | | | |
|------|---------|----------|-----------|----------|
| I. | 1. (d) | 2. False | 3. (d) | 4. False |
| II. | 5. (d) | 6. (a) | 7. (b) | 8. (c) |
| III. | 9. (a) | 10. (b) | 11. False | |
| IV. | 12. (c) | 13. (c) | 14. False | 15. (a) |
| V. | 16. (c) | 17. (a) | 18. (b) | |

DO IT YOURSELF...

Short Answer Type Questions

- Q.1. Name different sectoral classifications of the Indian economy and their basis. 2
- Q.2. What is meant by GDP? What does it indicate? 2
- Q.3. Who measures GDP? 2
- Q.4. How is the GDP measured? 2
- Q.5. What are the sources of income of the government for meeting the huge expenditure on administration, defence and other social sector activities? 2
- Q.6. What is Primary sector? 2
- Q.7. Throw some light on Secondary sector and the Tertiary sector. 3
- Q.8. How is GDP measured? Explain in detail. 3
- Q.9. Describe the importance of Primary sector in the Indian economy. 3
- Q.10. Explain the importance of Secondary sector in the Indian economy. 3
- Q.11. In which sector are most of the people employed and why? 3
- Q.12. What is the meaning of 'Underemployment'? In which economic sector are underemployment conditions more prevalent? Why is it so? Give *two* reasons. 3

- Q.13. What are the ways by which more jobs can be created in India for disguised unemployed or under-employed workers? 3
- Q.14. What is the difference between the Organised and Unorganised Sectors of economy? 3
- Q.15. How can workers in the unorganised sector be protected? Explain giving examples of rural and urban areas. 3
- Q.16. What is the difference between Public and Private sectors? 3

Long Answer Type Questions

- Q.17. Define the term 'Public sector'. Explain any *three* demerits of Private sector. 5
- Q.18. State any *five* features each of public sector and private sector. 5
- Q.19. Describe certain activities of public interest on which the government has to focus on priority basis. 5
- Q.20. With the example of sugarcane, explain the interdependence of all the three sectors of the economy. 5
- Q.21. Explain with suitable examples how public sector contributes to the economic development of the nation. 5



For Answers
please SCAN

