

Sectors of the Indian Economy

Fastrack« Revision

- People are engaged in various economic activities like producing goods, providing services, etc. These activities are categorised under different sectors. The sectors of economic activities comprise of the following:

- **Primary (Agricultural) Sector:** There are many activities that are undertaken directly by using natural resources. These activities are a part of primary sector. It is also referred to as agriculture and related sector.
- **Secondary (Industrial) Sector:** This sector covers activities in which natural products of primary sector are changed into other forms through industrial activity. It is also called as industrial sector.
- **Tertiary (Service) Sector:** These are the activities that help in the development of primary and secondary sector by providing an aid or support to the production process. Since, these activities generate services, therefore this sector is also termed as service sector.
- It has been generally noticed that at initial stages of development, primary sector is of utmost importance.

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 In India, the Ministry, along with various government departments, collect the information and then estimate the GDP.

- Over a period of hundred years new methods of manufacturing are introduced. Factories come up and start expanding. Those people who had earlier worked on farms, now begin to work in factories in large numbers. Thus, secondary sector gradually becomes the most important one in total production and employment.
- Over the period of next hundred years, there is a further shift from secondary to tertiary sector in developed countries. The service sector becomes the most important in terms of total production. It is because in any country several services are required such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc.
- The primary sector continues to be the largest employer even today in India. Approximately, half of the workers in the country are working in the primary sector, mainly agriculture. It is because enough jobs have not been created in the secondary and tertiary sectors.
- In the year 2013-14, the tertiary sector emerged as the largest producing sector in India replacing the primary sector.

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 Approximately half of the population is engaged in primary sector. It contributes approximately 20% to the GDP and the contribution of the remaining half population is 80% to the GDP.

- Gross Domestic Product (GDP) is the value of final goods and services produced in the country by all the sectors.
- Activities in an economy can also be classified, according to the conditions of work, in organised and unorganised sectors, as discussed.
 - Organised sector covers those enterprises or places of work where the terms of employment are regular and therefore, people have assured work. They 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, etc.
 - The unorganised sector is characterised by small and scattered units which are largely outside the control of the Government. Rules and regulations are not followed. Jobs are low-paid and often not regular. There is no provision for overtime, paid leave, holidays, leave due to sickness, etc.
- Another way of classifying economic activities is on the basis of ownership of assets and responsibility regarding delivery of service. On this basis, the sectors are classified as public and private and are explained below:
 - In the public sector, the government owns most of the assets and provides all the services, e.g., railways, post office, etc. It is meant for social benefit. Government raises money through taxes and other ways to meet expenses on the services rendered by it. Public sector is needed in a country because private sector is not equipped to provide all the goods and services at a reasonable cost.
 - In private sector, ownership of assets and delivery of services is in the hands of private individuals or companies, e.g., Tata Iron and Steel Company, Reliance Industries, etc. Private sector is guided by the motive to earn profits.

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 A study conducted by the erst-while Planning Commission of India (known as Niti Aayog) estimates that nearly 20 lakh jobs can be created in the education sector alone.

- Unemployment continues to be a serious problem in India.
- Employment can be generated in tourism, regional craft industry or new services like e-commerce.
- Central Government introduced MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) in 625 districts of India, implementing the Right to work. This

programme guarantees hundred days of employment in a year by the government.

- The objectives of implementing MGNREGA 2005 were:
 - To give employment opportunities to the people living in rural areas.
 - To raise the standard of living of the people.
 - To implement the right to work.



Practice Exercise



Multiple Choice Questions

- Q 1. Which sector is also called the agricultural and allied sector?**
 a. Primary sector b. Secondary sector
 c. Tertiary sector d. None of these
- Q 2. All economic activities that directly involve conversion of natural resources are classified under:**
 a. secondary sector b. primary sector
 c. tertiary sector d. government sector
- Q 3. Which one of the following sectors shows the highest share in employment in 2017-18?**
 (CBSE 2021 Term-1)
 a. Primary b. Secondary
 c. Tertiary d. Quaternary
- Q 4. At the initial stages of development, which one of the following sectors was the most important of economic activity?**
 (CBSE 2021 Term-1)
 a. Primary b. Secondary
 c. Tertiary d. Quaternary
- Q 5. The products received by exploiting natural resources come under which one of the following sectors?**
 (CBSE 2021 Term-1)
 a. Quaternary b. Secondary
 c. Tertiary d. Primary
- Q 6. Which one of the following is an example of Primary sector activity?**
 (CBSE 2021 Term-1)
 a. Banking b. Outsourcing
 c. Farming d. Banking
- Q 7. 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
- Q 8. covers activities in which natural products are changed into other forms through ways of manufacturing.**
 a. Primary sector b. Secondary sector
 c. Tertiary sector d. None of these



TIP

Do not mix the various types of activities involved in different types of sectors.

- Q 9. Activities in which natural products are changed into other forms come under which one of the following sectors?**
 (CBSE 2021 Term-1)
 a. Primary b. Secondary
 c. Tertiary d. Quaternary

- Q 10. Choose the incorrect pair from the following:**
 (CBSE 2021 Term-1)

Column I	Column II
1. Courler	A. Tertiary sector
2. Fisherman	B. Primary sector
3. Carpenter	C. Primary sector
4. Banker	D. Tertiary sector

- a. 1-A b. 2-B c. 3-C d. 4-D

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Carpenter creates furniture out of wood, a raw material and so it can be classified in the secondary sector and not in the primary sector.

- Q 11. Activities that help in the development of Primary and Secondary sectors come under which one of the following sectors?**
 (CBSE SQP 2021 Term-1)
 a. Primary b. Secondary
 c. Tertiary d. Quaternary
- Q 12. Which one of the following sectors shows the highest share in Gross Domestic Product (GDP) in India?**
 (CBSE SQP 2021 Term-1)
 a. Primary b. Secondary
 c. Tertiary d. Quaternary
- Q 13. Which one of the following sectors contribute highest in the GDP of India?**
 (CBSE 2023)
 a. Primary b. Secondary
 c. Tertiary d. Quaternary
- Q 14. GDP is the total value of produced during a particular year.**
 a. all goods and services
 b. all final goods and services
 c. all intermediate goods and services
 d. all intermediate and final goods and services

Q 15. Observe the picture and give answer to the question.



Which sector does the worker in given cartoon represents?

- a. Primary sector
- b. Secondary sector
- c. Tertiary sector
- d. None of these

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This is a primary sector activity because what she does forms the base for all other worker products that we subsequently make. Since most of the natural products we get are from agriculture, dairy, fishing, forestry, this sector is also called agriculture and related sector.

Q 16. Which of the following examples fall under an organised sector? (CBSE SQP 2021 Term-1)

- a. A daily wage labourer working for a contractor
- b. An engineer getting all employment benefits
- c. A cleaning staff in a private school
- d. A tailor stitching clothes at his home

Q 17. Arrange the following in the correct sequence: (CBSE 2019)

- (i) Transporting cloth to the workshops
- (ii) Sale in shops and showrooms
- (iii) Spinning the yarn
- (iv) Weaving of the fabric

- a. (i), (iv), (iii), (ii)
- b. (iii), (iv), (i), (ii)
- c. (iv), (i), (ii), (iii)
- d. (iii), (iv), (ii), (i)

Q 18. Sushila is a worker in garment export industry of Agra. She gets facilities like health insurance provident fund, overtime at a double rate, medical leave, etc. She is working in:

- a. tertiary sector
- b. organised sector
- c. unorganised sector
- d. None of these

Q 19. 'A' is a worker in a garment export industry of Jaipur. He gets facilities like health insurance, provident fund, medical leave, etc.

In which one of the following sectors is 'A' working?

(CBSE 2023)

- a. Primary sector
- b. Non-Governmental sector
- c. Organised sector
- d. Unorganised sector

Q 20. A woman works at a sweet shop in her village on a contract basis and gets meagre salary after working the entire day. She doesn't get any holidays or paid leave, rather her employer deducts her salary whenever she is absent from work. Find out in which of the following sectors she is working?

(CBSE SQP 2021 Term-1)

- a. Primary sector
- b. Service sector
- c. Organised sector
- d. Unorganised sector

Q 21. Read the information given below and identify the correct option:

Kamal works in rice mill. Jobs here are low paid and often not regular. There is no provision for overtime paid leave holidays, etc. Employment is not secure. People can be asked to leave without reason.

- a. Organised sector
- b. Private sector
- c. Unorganised sector
- d. Joint sector

Q 22. Read the information given below and answer the questions that follow:

Madhav has no regular work. Sometimes, he earns a little with some part-time work. He also has no investment capability to use own skills to earn money. In which sector Madhav is engaged?

- a. Organised sector
- b. Unorganised sector
- c. Unorganised tertiary sector
- d. Joint sector

Q 23. Which of the following is true with the reference to unorganised sector?

- (i) It covers small and scattered units which are largely outside the control of the government.
- (ii) There are rules and regulations but these are not followed.
- (iii) Workers are ill paid.
- (iv) There is no provision for over time, paid leaves holidays, etc.

- a. (i) and (ii)
- b. (ii) and (iii)
- c. (iii) and (iv)
- d. All of these

Q 24. Which of the following examples does not fall under unorganised sector?

- a. A farmer irrigating his field.
- b. A daily wage labourer working for a contractor.
- c. A doctor in a hospital treating a patient
- d. A handloom weaver working on a loom in her house

Q 25. Read the following data and information carefully and select the most appropriate answer from the given options: (CBSE SQP 2021 Term-1)

Table for Comparison of Three Countries

Countries	Monthly income of citizens in 2007 (in Rupees)				
	I	II	III	IV	V
Country A	9500	10500	9800	10000	10200
Country B	500	500	500	500	48000
Country C	5000	1000	15000	4000	25000

Rita is an employee of a multinational company who gets transferred to different countries after every three years of service. She has been given an opportunity to choose any one out of the three countries mentioned in the table above as her next job location. She calculates average income of all these countries as per the given data and chooses to be transferred to Country A.

Identify the reason for which Rita has chosen country A.

- Most of its citizens are rich and stable
- Has most equitable distribution of income
- National income of its citizens is higher
- Average income of its citizens is lower

Q 26. Study the data given below in the table and answer the question by selecting the correct option.

Which is the most important sector that provides maximum jobs to the people?

Table: Workers in different sectors (in millions)

Sector	Organised	Unorganised	Total
Primary	1	231	232
Secondary	41	74	115
Tertiary	40	88	128
Total	82	393	475

(CBSE 2023)

- Primary sector, especially organised sector
- Secondary sector, especially organised sector
- Tertiary sector, especially organised sector
- Primary sector, especially unorganised sector

Q 27. The sectors are classified into public and private sector on the basis of:

- employment conditions
- the nature of economic activity
- ownership of enterprises
- number of workers employed in the enterprise

Q 28. 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

Q 29. The sector in which the ownership of assets and delivery of services is in the hands of individuals is called:

- Private sector
- Public sector
- Secondary sector
- None of these

Q 30. Match the following:

Column I (Problems Faced by Farming Sector)	Column II (Some Possible Measures)
A. Unirrigated land	1. Setting up agro based mills
B. Low prices for crops	2. Cooperative marketing societies
C. Debt burden	3. Procurement of food grains by government
D. No job in the off season	4. Construction of canals by the government

E.	Compelled to sell their grains to the local traders soon after harvest	5. Banks to provide credit with low interest
----	--	--

- | | | | | | |
|----|---|---|---|---|---|
| | A | B | C | D | E |
| a. | 4 | 2 | 5 | 1 | 3 |
| b. | 2 | 4 | 1 | 5 | 3 |
| c. | 4 | 2 | 1 | 3 | 5 |
| d. | 2 | 1 | 3 | 4 | 5 |

Q 31. Which one of the following pairs is correctly matched? (CBSE 2023)

- Primary Sector — Flower Cultivator
- Secondary Sector — Milk Vendor
- Tertiary Sector — Fisherman
- Manufacturing Sector — Gardener

Q 32. Vijay is undernourished as his weight is 45 kgs and his height is 1.78 meters. Find out his Body Mass Index (BMI) from the following options:

(CBSE SQP 2021 Term-1)

- 12.6
- 13.5
- 14.7
- 15.2

Q 33. According to 2017-18 data, the share of different sectors in employment (percentage) in India was

- Primary Sector—44%
- Secondary Sector—25%
- Tertiary Sector—31%

Out of the three sectors, why did the ratio of employment in Primary Sector high? Select the most suitable option from the following:

(CBSE SQP 2021 Term-1)

- Workers in the Primary Sector are underemployed
- Low job opportunities in Secondary Sector
- Effort of labour are not equivalent in all the sectors
- Outsourcing of job opportunities in Secondary Sector

Q 34. A man is employed on a food processing farm where he has to do a lot of manual work. His wife and daughter also help him in his work on the farm every day. Which type of employment is this an example? (CBSE SQP 2021 Term-1)

- Under employment
- Seasonal employment
- Over employment
- Cyclical employment

Q 35. Which among the following most appropriately describes underemployment?

- Workers are not paid as per their work
- Workers are working less than what they are capable of doing
- Workers are not skilled
- Workers are not willing to work

Knowledge BOOSTER



When workers are employed in larger number than they're required, their effort becomes divided. This means that here people are apparently working but all of them are made to work less than their true potential, and removing some of them won't affect production at all. This is under employment.

Q 36. Underemployment is hidden in contrast to someone who does not have a job and is clearly visible as unemployed. It is also called

- a. hidden employment
- b. disguised unemployment
- c. unstable employment
- d. less employment

Q 37. Laxmi, owning about three hectares of unirrigated land dependent only on rain and growing crops like jowar and arhar. All seven members of her family work in the field throughout the year. You will see that everyone is working, none remains idle, but in actual fact their labour effort gets divided. Each one is doing some work but no one is fully employed.

Analyse the information given above, considering one of the following correct option:

- a. Under employment
- b. Disguised unemployment
- c. Seasonal unemployment
- d. Both a. and b.

Q 38. MGNREGA 2005 implements the in about 625 districts of India.

- a. Right to Property
- b. Right to Education
- c. Right to Work
- d. Right to Life

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Under Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005), all those who are able to, and are in need of work in rural areas are guaranteed 100 days of employment in a year.

Q 39. Mahatma Gandhi National Rural Employment Guarantee Act 2005 states a guarantee of minimum 100 days of employment per year. If government is unable to fulfil these 100 days of an employment, the government would have to

(CBSE SQP 2021 Term-1)

Choose the correct option.

- a. pay the compensation in lieu of these days
- b. provide another scheme for the same
- c. pay at least 1/3 per cent allowance
- d. provide healthcare as compensation

Q 40. Which of the following is not applicable for a worker, who works in the organised sector?

- a. She gets a regular salary at the end of the month
- b. She is not paid for leave
- c. She gets medical allowance
- d. She got an appointment letter stating the terms and conditions of work when she joins work

Q 41. Which among the following workers are not very productive in tertiary sector?

- a. Educated and trained professionals
- b. Repair persons and daily wage earners
- c. People in defence services
- d. People working in health centres and hospitals



TIP

Students should learn the definitions of all the sectors of economy and mark the most appropriate option out of it.

Q 42. There was a strike announced by the "Transport union" due to which the Lorries refused to transport vegetables, milk, etc. from the rural areas to the urban areas. Food became scarce in urban areas whereas farmers were unable to sell their products. Which of the following sectors are affected due to the strike carried out by the "Transport Union."

(CBSE SQP 2023-24)

- a. Primary and Secondary
- b. Secondary and Tertiary
- c. Tertiary, Primary and Secondary
- d. Tertiary and Primary

Q 43. Read the following statements carefully and choose the correct option:

Statement (I): In the public sector, the government owns most of the assets and provides all the services.

Statement (II): The purpose of the public sector is not first to earn profits but to promote public welfare.

- a. Statement (I) is correct and (II) is incorrect
- b. Statement (I) is incorrect and (II) is correct
- c. Both statements are incorrect
- d. Both statements are correct

Q 44. Read the following statements carefully and choose the correct option:

Statement (I): An individual who manufactures flour from wheat is engaged in primary sector.

Statement (II): When some process of manufacturing is used the product is a part of secondary sector.

- a. Statement (I) is correct and (II) is incorrect
- b. Statement (I) is incorrect and (II) is correct
- c. Both statements are incorrect
- d. Both statements are correct



Assertion & Reason Type Questions

Directions (Q.Nos. 45-53): In the following questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

- b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
 c. Assertion (A) is true, but Reason (R) is false.
 d. Assertion (A) is false, but Reason (R) is true.

Q 45. Assertion (A): Agriculture is the most labour absorbing sector in India.

Reason (R): The secondary and tertiary sectors have still failed to provide more employment opportunities to a majority of the Indian people so the people are forced to engage themselves in agriculture.

Q 46. Assertion (A): Not every goods or services that is produced and sold needs to be counted to know the total production in each sector.

Reason (R): The value of final goods already includes the value of all the intermediate goods.

Q 47. Assertion (A): An individual who manufactures flour from wheat is engaged in primary sector.

Reason (R): When some process of manufacturing is used, the product is a part of secondary sector.



TiP

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.

Q 48. Assertion (A): The development of agriculture and industry leads to the development of service sector.

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



TiP

As the primary and secondary sector develops, the demand for the aforementioned tertiary activities increase. 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 increase. Therefore, the development of primary and secondary sectors leads to the development of service or tertiary sector.

Q 49. Assertion (A): GDP shows how big an economy is.

Reason (R): GDP is the value of all goods and services produced within the domestic territory of a country in a year.



TiP

GDP is the value of all final goods and services produced within a country. A higher GDP is indicative of higher production level and higher economic activity. Also, a higher GDP implies that people of the country are earning more so, it is indicative of the size of an economy.

Q 50. Assertion (A): Leela works five days a week, receives her income on the last day of each month and gets medical facilities from her firm.

Reason (R): Leela is working in organised sector.



TiP

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.

Q 51. Assertion (A): 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 (R): Rakesh and Raghu are employed in unorganised sector.

Q 52. Assertion (A): 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 (R): All service sectors in India are growing extremely well and each individual engaged in any kind of tertiary activity earns a high income.



TiP

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.

Q 53. Assertion (A): Under MGNREGA 2005, those who are able to and are in need to work in rural areas are guaranteed 100 days of employment in a year.

Reason (R): The Central Government in India made a law implementing the Right to Work in about 625 districts of India.

Answers

- | | | | | |
|---------|---------|---------|---------|---------|
| 1. (a) | 2. (b) | 3. (a) | 4. (a) | 5. (d) |
| 6. (c) | 7. (b) | 8. (b) | 9. (b) | 10. (a) |
| 11. (c) | 12. (c) | 13. (c) | 14. (b) | 15. (a) |
| 16. (b) | 17. (b) | 18. (b) | 19. (c) | 20. (d) |
| 21. (c) | 22. (c) | 23. (d) | 24. (c) | 25. (b) |
| 26. (c) | 27. (c) | 28. (c) | 29. (a) | 30. (a) |
| 31. (c) | 32. (a) | 33. (a) | 34. (a) | 35. (b) |
| 36. (b) | 37. (d) | 38. (c) | 39. (a) | 40. (b) |
| 41. (b) | 42. (c) | 43. (d) | 44. (b) | 45. (a) |
| 46. (a) | 47. (d) | 48. (a) | 49. (a) | 50. (a) |
| 51. (a) | 52. (c) | 53. (a) | | |

Source Based Questions

Source 1

Read the source given below and answer the questions that follow by choosing the most appropriate option:

Take the case of Laxmi with her two-hectare plot of unirrigated land. The government can spend some money or banks can provide a loan, to construct a well for her family to irrigate the land. Laxmi will then be able to irrigate her land and take a second crop, wheat, during the rabi season. Let us suppose that one hectare of wheat can provide employment to two people for 50 days (including sowing, watering, fertilizer application and harvesting). So two more members of the family can be employed in her own field. Now suppose a new dam is constructed and canals are dug to irrigate many such farms. This could lead to a lot of employment generation within the agriculture sector itself reducing the problem of underemployment. (CBSE SQP 2021 Term-1)

Q 1. Which one of the following economic sectors is Laxmi related to?

- a. Primary
- b. Secondary
- c. Tertiary
- d. Quaternary

Q 2. Which one of the following categories of farmers is Laxmi related to?

- a. Big
- b. Medium
- c. Marginal
- d. Agricultural labourer

Q 3. In which one of the following sectors is underemployment seen at the maximum?

- a. Industry
- b. Agriculture
- c. Trade
- d. Commerce

Q 4. How does construction of dams and canals create employment in large numbers in rural areas?

- a. Large number of engineers are needed
- b. Large number of technicians are also required
- c. Adjustment of large number of unskilled labourers
- d. Executives and administrators can easily be adjusted

Q 5. Which one of the following is the main result of increasing irrigation facilities in the field of agriculture?

- a. Increase in production
- b. Increase in productivity
- c. Change in cropping pattern
- d. Promote high yielding of crops

Q 6. Which one of the following means of irrigation generally comes under the Public Sector?

- a. Well
- b. Tubewell
- c. Tank
- d. Canal

Answers

1. (a) 2. (c) 3. (b) 4. (c) 5. (a) 6. (d)

Source 2

Read the source given below and answer the questions that follow:

The organised sector covers those enterprises or places of work where the terms of employment are regular and people have assured work. It is called organised because it has some formal processes and procedures.

These enterprises are registered by the government and have to follow the rules and regulations framed under various laws like Factories Act, Minimum Wages Act, Payment of Gratuity Act, etc.

Thus, workers in the organised sector have security of employment, work for a fixed number of hours and get additional overtime wages if asked to work more. They get medical benefits and the management has to ensure facilities like clean drinking water and a safe working environment.

Q 1. How can you define organised sector?

Ans. An organised sector is one in which there are some formal processes and procedures.

Q 2. What is mandatory for organised sector?

Ans. It is mandatory for organised sector to follow the rules and regulations framed under various laws like Factory Act, Minimum Wages Act, etc.

Q 3. Mention the privileges provided to workers of organised sectors.

Ans. The workers of organised sectors have the privileges of security of job, medical benefits, overtime for additional working hours, etc.



Very Short Answer Type Questions

Q 1. Study the picture and answer the question that follows:



The above picture depicts which sector of the Indian economy?

Ans. Primary sector.

Q 2. Name the different sectors operational in an economy.

Ans. The different sectors operational in an economy are primary, secondary and tertiary.

Q 3. Give one example each of primary and tertiary economic sectors. (CBSE 2019)

Ans. Activities like agriculture, mining, etc. are examples of the primary sector while the activities like banking, tourism, etc. are examples of tertiary sector.

Q 4. When we produce goods by exploiting natural resources, in which category of economic sector such activities come? (CBSE 2018)

Ans. The secondary sector includes activities in which natural products are changed into other useful forms through machines.

Q 5. Distinguish between primary and secondary sectors. (CBSE 2019)

Ans. Primary sector produces goods by exploiting natural resources e.g., agriculture while secondary sector includes activities in which natural products are changed into other forms through manufacturing e.g., industries.

Q 6. Suggest any one measure for the development of any activity of 'secondary sector'. (CBSE 2020)

Ans. The measure for the development of any activity of 'secondary sector' is that government can impose more taxes on imports which will encourage the people to look for local manufactured products.

Q 7. Give one feature of organised sector.

Ans. Organised sector covers those enterprises where terms of employment are regular.

Q 8. Distinguish between 'organised' and 'unorganised sector'. (CBSE 2020)

Ans. Organised sector is a sector that enjoy security of employment and may be controlled either by government or individuals. On the other hand, unorganised sector is a sector which has small and scattered units largely outside the control of the government.

Q 9. Explain the main advantage of organised sector with respect to employment. (CBSE 2020)

Ans. In the organised sector, the terms of employment are regular and people have assured work throughout the year.

Q 10. How is public sector different from private sector? (CBSE 2020)

Ans. Public sector is controlled and managed by the government. On the other hand, private sector is controlled and managed by an individual or a group of individuals.

Q 11. How does public sector help in the development of a country?

Ans. Public sector invests in key and basic industries such as health, education, defence, etc. which the private sector cannot invest, thereby helping in the development of a country.

Q 12. How is GDP calculated? (CBSE 2020)

Ans. GDP is calculated by the expenditure method in which only the final goods and services are counted to get the final value. Thus, $GDP = \text{Value of output} - \text{Intermediate consumption}.$

Q 13. Suggest any one way to create employment in urban areas. (CBSE 2020)

Ans. The ways to create employment in urban areas are:
(i) Improve local and inter city transportation.
(ii) Increase vocational education courses.



TiP

Ways should be mentioned for urban areas only and not rural areas.

Q 14. Suggest any one way to create employment in semi-rural areas. (CBSE 2020)

Ans. Employment can be created in semi-rural areas by setting up of small-scale and agro based industries.

Q 15. Suggest any two ways to create more employment in the rural sector. (CBSE 2023)

Ans. The ways to create employment in rural sector are:
(i) Development in transport facility by government and creating storage facilities.
(ii) Government can spend money or banks can provide loan for irrigation.

Q 16. Explain the meaning of disguised unemployment. (CBSE 2020)

Ans. Disguised unemployment is a kind of unemployment in which there are people who are visibly employed but are actually unemployed. In such a situation, more people are engaged in a work than required.

Q 17. What is the intention of the government in raising the money through taxes?

Ans. The intention of the government towards raising the money through taxes is to meet the expenses on the services rendered by it.

Q 18. Why do you think NREGA 2005 is referred to as 'Right to Work'?

Ans. In NREGA, in case the government fails in its duty to provide employment, it will provide unemployment allowances to the people thus giving the persons the right to work.

Q 19. Mohan is employed as a helper in a tea shop. Suggest one measure that can improve his employment.

Ans. Promotion of small scale industries will create employment in urban areas where Mohan can be employed.

Short Answer Type Questions

Q 1. Differentiate between economic and non-economic activities. Give any three points.

Ans. Difference between economic and non-economic activities are:

S. No.	Basis of Difference	Economic Activities	Non-economic Activities
(i)	Meaning	Activities that give an income in return are called economic activities.	Activities which do not give any income in return are called non-economic activities.
(ii)	Outcome	It gives monetary benefit in return.	It gives mental satisfaction in return.
(iii)	Examples	People going for work in factories, farms, banks, hospitals, schools, etc.	Doing social work, helping the poor, going to temple, etc.

Q 2. Why is primary sector important?

Ans. Importance of primary sector can be brought forward through the following points:

- This sector forms the base for all other products that are subsequently made and contributes around 20% towards the GDP of India.
- It covers a wide range of activities such as agriculture, dairy, fishing, forestry, etc.
- More than half of the workers in the country are working in the primary sector, mainly in agriculture.

Q 3. 'Primary sector was the most important sector of economic activity at initial stages of development.' Evaluate the statement.

Ans. At the initial stages of development, primary sector was the most important sector of economic activity because of the following aspects:

- As indicated by the history of developed countries, primary sector was considered important. With the change in methods of farming and as the agriculture sector began to prosper, it produced much more food than before and most people were also employed in this sector.
- Over more than a hundred years, when new methods of manufacturing were introduced, factories came up and began to expand. Thus, the secondary sector gradually became the most important in total production as well as employment.
- In the past 100 years, there has been a further shift from secondary and tertiary sectors in developed countries. The service sector has

become the most important in terms of total production. This pattern has been observed in developed countries.

Q 4. Explain any three points of importance of secondary sector in the Indian economy.

Ans. Importance of secondary sector can be brought forward through the following points:

- It provides employment to the people.
- It provides goods to the people like cloth, sugarcane, iron and steel.
- Secondary sector contributes approximately 20% towards the GDP of India.
- It promotes the development of primary and tertiary sector.

Q 5. Why is the tertiary sector becoming more important in India? Explain. (CBSE 2020)

OR

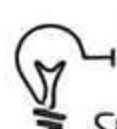
Why is the 'tertiary sector' becoming important in India? Explain any three reasons. (CBSE 2019)

OR

Why is 'Tertiary Sector' becoming important in India? Explain. (CBSE 2023)

Ans. The tertiary sector is becoming important in India due to the following reasons:

- The need for tertiary sector is increasing as there is more need of services like financial institutions, educational institutions, etc. in Indian economy.
- The tertiary sector has created huge employment even for the uneducated and unskilled workers.
- The tertiary sector has created new services based on information and communication technology which are essential in a global world with technological advancement.
- The tertiary sector accounts for most of the national and per capita income of India.
- The tertiary sector is responsible to distribute its services and goods to different consumers.



TIP

Students should mention the contribution of tertiary services in the national economy of our country.

Q 6. 'Tertiary sector activities help in the development of the primary and secondary sectors'. Evaluate the statement. (CBSE 2020)

OR

Explain how 'Tertiary Sector' is different from other sectors. (CBSE 2023)

Ans. Tertiary sector is also called service sector. This sector provides the facilities regarding transportation, communication, insurance, banking, etc. It is different from the other sectors in the following aspects:

- (i) This sector helps primary and secondary sectors to sell the product in the market by providing services related to transport and marketing.
- (ii) In the primary and secondary sectors, goods are made and then sold with the help of tertiary sector.
- (iii) In primary and secondary sector, only those activities are included which are directly related to the production of goods, but the tertiary sector also includes some services which do not help in the production of goods, such as services of teachers, lawyers, etc.

Q 7. With the example of sugarcane, explain the interdependence of all the three sectors of the economy.

Ans. The primary, secondary and tertiary sectors of a country are interdependent. This can be explained with the help of sugarcane:

- (i) Cultivation of sugarcane is an agricultural activity which falls under the purview of primary sector.
- (ii) Sugarcane is used as raw material for making sugar through a manufacturing process in the secondary sector.
- (iii) Tertiary sector assists in the production as well as marketing of sugar by providing services such as transportation, communication, storage, etc.

Q 8. "All the services of the 'service sector' are not growing equally well." Evaluate the statement.

Ans. The given statement can be evaluated in the following ways:

- (i) Service sector in India employs many different kinds of people but there are a limited services that employ highly skilled and educated workers such as managers, lawyers, accountants, etc.
- (ii) There are a very large number of workers engaged in services such as small shopkeepers, repair persons, transport persons. They manage to earn a living and even then perform these services.
- (iii) There is no alternative opportunity for these workers but only a part of this sector is growing in reality.

Q 9. How do we count various goods and services for calculating Gross Domestic Product (GDP) of a country? Explain with example. (CBSE 2019)

Ans. The various goods and services are counted on the basis of the value of goods or services and not on the basis of the actual numbers.

- (i) The value is the value of final goods and services and not the value of intermediate goods.
- (ii) The value of final goods already includes the value of all intermediate goods that are used in making the final goods.

- (iii) The total production of each sector is calculated by adding the value of all final goods and services of the sector in a year.
- (iv) The total production of all three sectors within a country is known as the Gross Domestic Product of the country. For example, the value of a table includes the value of wood as well as polish, so the value of wood and polish is not counted separately. In another case, the value of biscuits (final goods) already includes the value of flour, so its value is not counted.



TiP

The definition of GDP should be written in explanation. Mention any example also to explain the fact.

Q 10. Why didn't shift out of primary sector happen in case of employment, although there has been a change in the share of three sectors in GDP?

OR

'There has been a big change in 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.

(CBSE 2015)

Ans. There has been a big change in the level of economic activities performed in the primary, secondary and tertiary sectors but a similar shift has not taken place in the share of employment. This is because of the following facts:

- (i) At the time of independence, primary sector was the largest contributor towards GDP and also employed the largest number of people.
- (ii) Today the tertiary sector contributes the highest towards GDP but primary sector continues to be the largest employer. This is because enough jobs were not created in the secondary and tertiary sectors.
- (iii) More than half of the workers in the country are working in the primary sector producing only one-quarter of the goods. Whereas secondary and tertiary sectors produce three-fourths of the produce employing half of the country's workers.
- (iv) Primary sector has disguised unemployment whereas workers in secondary and tertiary sectors work overtime.

Q 11. Do you think the classification of economic activities into primary, secondary and tertiary is useful? Explain how.

Ans. It is very useful to classify the economic activities into primary, secondary and tertiary sectors as:

- (i) The broad classification of an economy on the basis of different sectors show the implications of economic activities on the national income of the country.

- (ii) We can find out the share of each sector in the Gross Domestic Product (GDP) of the country. By ascertaining the share of each sector, the level of economic development in the country can be ascertained.
- (iii) We can also find out the interdependence of each sector.

Q 12. What is meant by enterprise? Classify enterprises on the basis of ownership.

Ans. Enterprise is a unit of economic activity, especially a business organisation.

An enterprise can be classified as follows on the basis of ownership:

- (i) **Private Sector Enterprises:** These are owned and run by individuals, or a group of individuals, with the aim of making profit.
- (ii) **Public Sector Enterprises:** These are owned and run by the government. Their main aim is welfare of the people.

Q 13. Why is organised sector preferred by the employees? Explain.

Ans. The organised sector is preferred by the employees due to the following reasons:

- (i) Organised sector ensures year-long availability of work and continuous livelihood support. Whereas employees in the unorganised sector don't have continuous work available.
- (ii) Workers in the organised sector enjoy security of employment and are expected to work only a fixed number of hours. They are paid overtime and cannot be removed without any proper reason.
- (iii) Employees of the organised sector get paid leave, provident fund and gratuity whereas employees of the unorganised sector do not have any such guarantee.

Q 14. Distinguish the service conditions of organised sector with that of unorganised sector. (CBSE 2018)

OR

Compare the employment conditions prevailing in the organised and unorganised sector. (CBSE 2023)

Ans. The service conditions of both sectors are distinguished as follows:

- (i) Organised sectors are registered by government and have to follow its rules and regulations such as Factories Act, Minimum Wages Act, Payment of Gratuity, etc. Workers in this sector enjoy security of employment. They are expected to work only a fixed number of hours. They get paid leave. When they retire, these workers get pension as well.
- (ii) The unorganised sector is characterised by small and scattered units which are largely outside the control of government. There are rules and regulations, but these are not followed. Job is low-paid and often not regular.

There is no provision for overtime and paid leave. Employment is subject to high level of insecurity. People can be asked to leave without any reason.

Q 15. The workers in the unorganised sector need protection on the following issues: Wages, safety and health. Explain with examples.

OR

Why is there a need to protect workers in the unorganised sector? Explain (CBSE 2023)

Ans. The following measures should be taken to protect the workers in unorganised sector:

- (i) **Wages:** The minimum wages should be fixed by the government.
- (ii) **Safety:** Conditions at some mines are dangerous. So, safety norms must be strictly applicable at all mines and life insurance should be made mandatory.
- (iii) **Health:** Workers in unorganised sectors work in poor conditions with no provision of safe drinking water, clean surroundings, and medical facilities. So, health provisions would be made mandatory. Also, health insurance should be provided to them.

Q 16. "Workers in the organised sector enjoy security of employment." Evaluate the statement. (CBSE 2020)

OR

Examine the benefits that are enjoyed by the people working in the organised sector. (CBSE 2023)

Ans. Workers in the organised sector enjoy security of employment. This statement can be evaluated as follows:

- (i) Workers in the organised sector get regular and assured employment and are expected to work only a fixed number of hours.
- (ii) They get several other benefits like paid leaves, provident fund, gratuity, etc. along with medical benefits.
- (iii) There is a provision for overtime payment, in case the workers do their duties after the fixed working hours.

Q 17. Explain any three types of unemployment found in India.

Ans. The three types of unemployment found in India are as follows:

- (i) **Disguised Unemployment:** A situation where there are more people employed in an activity than necessary. So, even if a few people are moved out, production will not be affected. It is also called underemployment and generally found in agriculture sector.
- (ii) **Seasonal Unemployment:** When people are unemployed for a particular season, it is called as seasonal unemployment. For example, if farmers are ploughing land for rabi season, then they become underemployed for the rest of the season.

- (iii) **Structural/Open Unemployment:** Unemployment caused by the fact that the economy fails to generate enough jobs is referred to as structural or open unemployment. It is generally witnessed in the underdeveloped countries.

Q 18. How can more employment be created in agriculture sector alone? Explain any three ways.

(CBSE 2019)

Ans. More employment can be created in agriculture sector alone in the following ways:

- (i) Irrigation facilities has to be increased without which only a single crop can be grown in most agricultural fields, resulting in less working opportunities but if irrigation is provided, two or three crops can be grown on the same field and more people would get employment.
- (ii) Basic facilities are to be provided such as transportation (building of roads), irrigation, banking to ease the work of farmers. Subsidies can be provided as well as dams and storages can be built.
- (iii) Easy loan is to be provided so that people could start small businesses which will make them self-dependent.
- (iv) Storage facilities should be provided to farmers so that they can store their produce and can be able to sell it later.

Q 19. How can the problem of unemployment be eradicated in India? Explain any three ways.

(CBSE 2019)

Ans. The problem of unemployment can be eradicated in India in the following ways:

- (i) Every state or region has potential for increasing the income and employment for people in that area in the form of tourism or regional craft industry or new services like IT.
- (ii) Some of these would require proper planning and support from the government. For example, on improving the tourism as a sector, additional employment of more than 35 lakh people can be generated every year.
- (iii) Some quick measures are needed for short-term. With this, the Central Government in India made a law implementing the Right to Work in about 625 districts of India which is called MGNREGA 2005.
- (iv) Under MGNREGA 2005, all those who are able to or are in need of work in rural areas are guaranteed 100 days of employment in a year by the government. In case, the government fails in its duty to provide employment, it will give unemployment allowances to the people.

Q 20. Explain the objectives of National Rural Employment Guarantee Act, 2005.

OR

Why is NREGA also called the 'Right to Work'? Explain. (CBSE 2015)

Ans. The objectives of implementing the NREGA 2005 are the following:

- (i) To provide livelihood to people below the poverty line. This scheme guaranteed hundred days of wage employment in a year to every rural household in the country.
- (ii) Under this scheme, the Gram Panchayat after proper verification registers households and issue job cards to registered households.
- (iii) This scheme targets the scheduled castes, scheduled tribes and the poor women, who suffer from poverty.
- (iv) This scheme helps to raise the standard of living of the people and also implements the right to work.

Since the main objective of this scheme is to provide guaranteed employment to the people who are able and in need of work and to provide unemployment allowances in case the government fails to provide work, therefore it is also called 'Right to Work'.

Note: NREGA has been renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

Knowledge BOOSTER



The job card is the legal document that entitles a person to ask for work under the Act and to get work within 15 days of the demand for work, failing which an unemployment allowance is payable.

Q 21. How are primary, secondary and tertiary sectors dependent on each other? Explain. (CBSE 2023)

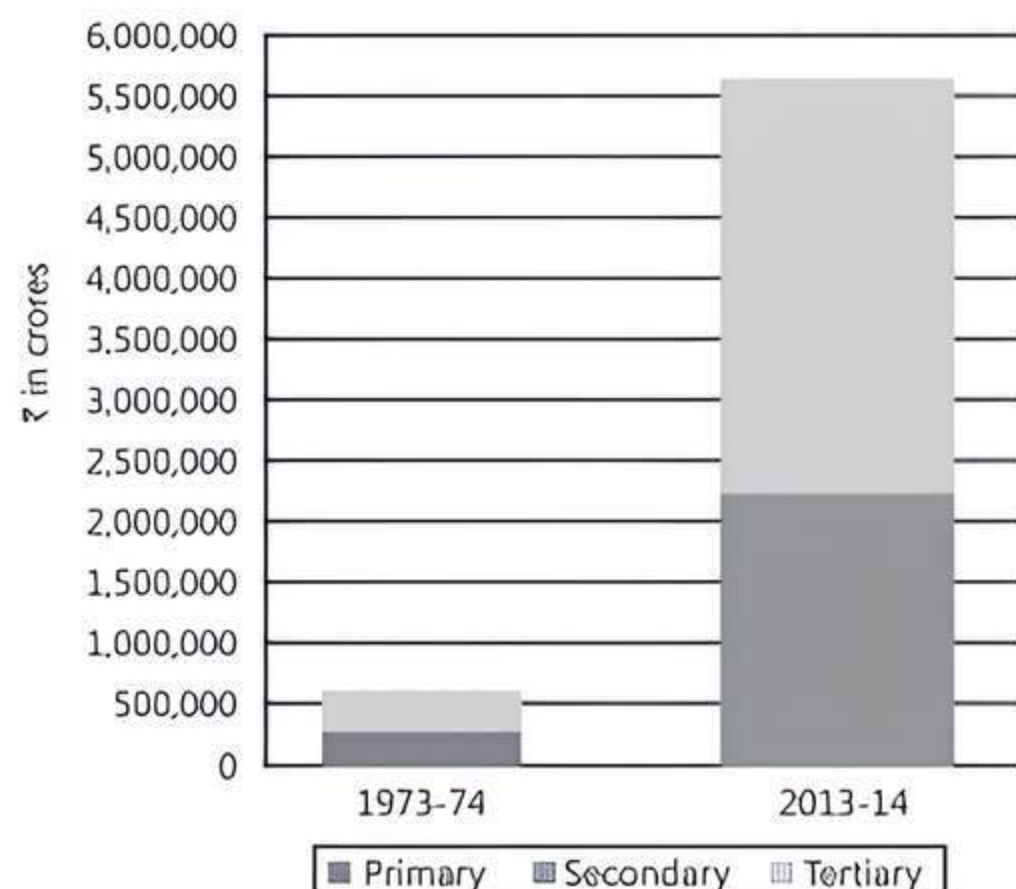
Ans. Primary, Secondary and Tertiary sectors all work together to create an economic chain of production. The primary sector gathers the raw materials, the secondary sector puts the raw materials to use, and the tertiary sector sells and supports the activities of the other two.

Q 22. Which are the two sectors based on the ownership of resources? Explain. (CBSE 2023)

Ans. Based on ownership, industries can be classified as public sector and private sector. Public sector industries are owned and run by the government, whereas private sector industries are run and owned by private enterprises. Public sector predominates certain areas like mining, power generation, transport, healthcare, education etc. Public sector predominates in agricultural and allied manufacturing industries, manufacturing of goods trade, hotel etc.

Q 23. A Graph given below shows the production of goods and services in the three sectors of the economy. This is shown two years, 1973-74 and 2013-14. Analyse the data provided and answer the following questions. (CBSE SQP 2023-24)

Graph 1 : GDP by Primary, Secondary and Tertiary Sectors



(i) Which was the least producing sector in 1973-74? State the reasons.

(ii) Which was the largest producing sector in 2013-14? State the reasons.

Ans. (i) Secondary sector is the least producing sector in 1973-74. India is a closed economy at that time. technological upgradation was limited. Industrial policy also restricted the freedom to enter various kinds of Industries.

(ii) The tertiary sector has emerged as the largest producing sector in the Indian economy in the last decade because

(a) Demand for tertiary sector activities like transport, storage and trade have increased substantially with the development of the primary and secondary sectors.

(b) Increasing requirement of software exports from abroad creates a boom in call centres is there.

Q 24. Mr. "R" was a regular worker in a small factory. He was not paid his wages properly and the factory did not follow the factory rules and regulations stated by the government, recently he lost his job and was found selling electrical items in a pushcart. Analyse the role of the government in protecting the workers like "R". (CBSE SQP 2023-24)

Ans. The following are the ways in which the workers in the unorganised sector can be protected:

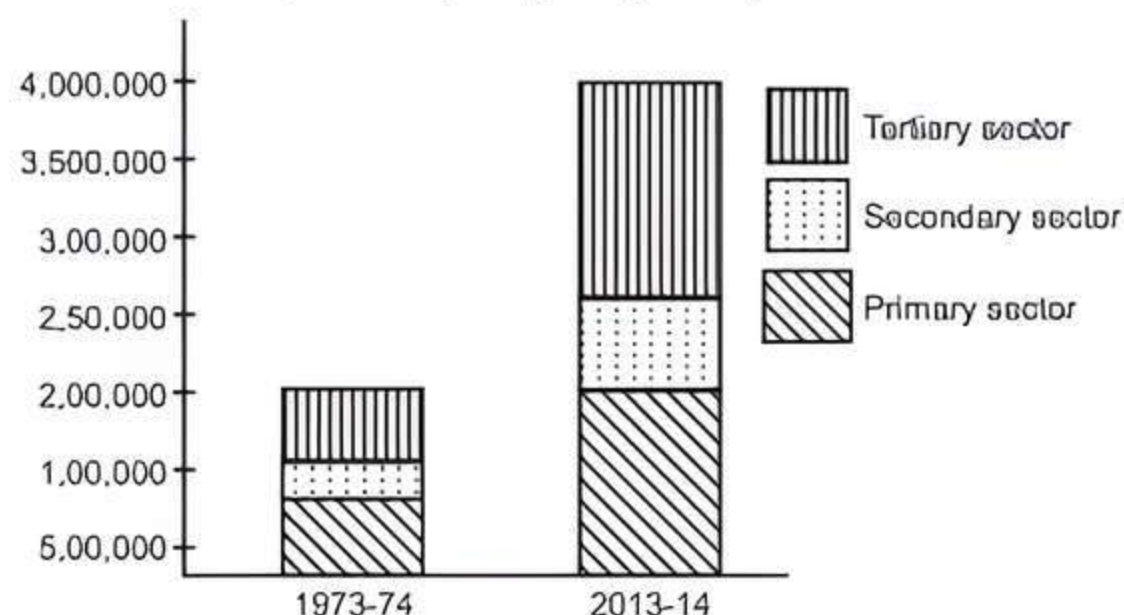
(i) Ensure minimum wages act has been followed by the factory.

(ii) Minimum working hours and wages should be fixed by the government.

(iii) To help self employed people, the government can provide loans.

(iv) Basic services such as education, health and food should be taken care by the government.

Q 25. Study the graph given below and answer the following question: GDP by primary, secondary, tertiary sector. [Imaginary data]



(i) What does the comparison between 1973-74 and 2013-14?

(ii) What conclusion can be drawn from the comparison?

Ans. (i) The comparison between 1973-74 and 2013-14, show that over forty one years between 1973-74-2013-14, production in all three sectors has increased.

(ii) The conclusion that can be drawn is tertiary sector has become the largest producing sector.

Q 26. How can biogas solve the energy problem mainly in rural India? Give some suggestions to improve the biogas energy production in rural areas.

Ans. Biogas can solve the energy problem in rural areas due to the following reasons.

(i) It produces gas having higher thermal efficiency than charcoal and kerosene.

(ii) It provides a way for optimum use of plant and animal wastes.

(iii) It provides enriched organic manure which can supplement or even replace chemical fertilizers.

(iv) It burns smoothly and does not leave much of the residue behind.

Some suggestions to improve the biogas energy production in rural areas are:

(i) People in the rural areas should be provided with monetary assistance by the government.

(ii) Awareness must be created to use these alternative sources of energy.

Q 27. Highlight the importance of petroleum. Explain the occurrence of petroleum in India. (CBSE 2016)

OR

What is the next major source of energy after coal in India? Describe any three advantages of it. Explain its occurrence also. (CBSE 2017)

Ans. Petroleum is a major source of energy next to coal in India. The following points highlight its importance:

- (i) It provides fuel for heating and lighting and lubricants for machinery.
- (ii) It provides raw material for a number of manufacturing industries.
- (iii) Petroleum refineries act as a 'nodal industry' for synthetic textiles, fertilizers and numerous chemical industries.

Petroleum occurs at the following places in India:

(i) Assam: It is the oldest oil producing state of India. The major oil-fields of Assam are:

(a) The Digboi: It is the oldest oil field of India (i.e., since 1866).

(b) The Naharkatiya: It is located in the South-West of Digboi.

(c) Rudrasagar, Sibsagar and Moran-Hugrijan: These are the other major oilfields of Assam.

(ii) Oilfields in Western India: These include the following:

(a) Gujarat: It produces about 18% of the total oil production of India. Ankleshwar, Khambhat, Ahmedabad and Kalol fields are the major oilfields of Gujarat.

(b) Off-shore Oilfields: The largest mineral oil deposits of India are found in the off-shore sea at Mumbai High (63%). It is located in the continental shelf, off the coast of Maharashtra, about 176 km North-West of Mumbai.

OR

'Tertiary sector is playing a significant role in the development of Indian Economy'. Justify the statement. (CBSE SQP 2020)

Ans. Tertiary sector is becoming important because of the below mentioned reasons:

- (i) Several services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, Municipal Corporation, etc. are required. These services are a part of the tertiary sector.
- (ii) The development of agriculture and industry in India had led to the development of services such as transport, trade, storage, etc.
- (iii) As income levels rise in India, certain sections of people start demanding more services like eating out, tourism, shopping, private hospitals, private schools, professional training, etc.
- (iv) Over the past decade or so, certain new services such as those based on information and communication technology have become important and essential. The production of these services has been rising rapidly.
- (v) Due to globalisation, people have become aware of new services and activities and communication because of which the tertiary sector has gained importance.

Q 3. Describe the historical changes that have taken place in the sectors of the economy in the developed countries. (CBSE 2015)

OR

'When a country develops, the contribution of primary sector declines and that of secondary and tertiary sector increases'. Analyse the statement.

Ans. The statement can be analysed as follows:

- (i) In the initial stages of development, the primary sector was the most important sector of economic activity but people began to take up other activities with the change in the methods of farming and when the agriculture sector began to prosper.
- (ii) New methods of manufacturing were introduced, factories came up and began to expand.
- (iii) The secondary sector became the most important sector in total production and employment.
- (iv) The service sector kept on growing with the development of sectors such as transport and administration. There has been a shift from secondary to tertiary sector in developed countries in the past years.
- (v) The service sector has become the most important in terms of total production and employment which is the general pattern observed in developed countries.



Long Answer Type Questions

Q 1. 'The declining nature of agriculture in the Gross Domestic Product (GDP) is a matter of serious concern in India.' Support the statement. (CBSE 2018)

Ans. The declining share of the agriculture in the GDP is a matter of serious concern in India because of the following reasons:

- (i) Indian farmers are facing challenge from international competitors which is a matter of problem.
- (ii) The government is reducing investment in the agricultural sector especially the irrigation sector.
- (iii) There is a decrease in the subsidy in fertilizers that leads to a rise in the cost of production.
- (iv) There has been a reduction in import duties on agricultural products due to which cheap agricultural products are coming from abroad.
- (v) Farmers are withdrawing their investment in the agriculture industry thus causing a downfall in employments.

Q 2. Explain the importance of service sector. (CBSE 2017)

OR

Highlight any five reasons for the importance of tertiary sector in India. (CBSE 2019)

Q 4. Differentiate between organised sector and unorganised sector.

Ans. Difference between organised and unorganised sectors are:

S. No.	Basis of Difference	Organised Sector	Unorganised Sector
(i)	Registration	The sector is <u>registered by the government.</u>	The sector is <u>not registered by the government.</u>
(ii)	Rules and Regulations	The <u>rules and regulations are given to employees and everyone has to follow them.</u>	There are <u>no rules and regulations.</u>
(iii)	Terms of Employment	The <u>terms of employment are regular.</u>	The <u>terms of employment are not regular.</u>
(iv)	Security	Organised sector <u>enjoy security of employment.</u>	Unorganised sector <u>depends on requirement.</u>
(v)	Examples	This sector includes <u>banks, hospitals, schools, etc.</u>	This sector includes a large number of people who are employed as <u>casual labourers, household help, etc.</u>



TIP

Comparison should be made point-wise and do not mix the two sectors.

Q 5. 'Agriculture had been the backbone of the Indian economy. But the declining share of agriculture in the GDP is now a matter of serious concern'. Explain the meaning of the statement.

Ans. Agriculture had been the backbone of the Indian economy but its declining share has been a matter of serious concern due to the following reasons:

- In India, about 63% people were engaged in agricultural sector in 2001.
- Share in GDP was more than 40% in 1973.
- Raw material for secondary sectors is mostly supplied by agriculture but now the share of agriculture is declining in the GDP year by year which is a matter of serious concern.
- Share of agriculture in the GDP has declined from 44% to 24% during 1973 to 2003.
- The primary sector continues to be the largest employer even in 2000 but the production has not increased with this rate.

Q 6. State any five features each of public and private sector. (CBSE 2016)

Ans. Five features of public sector are as follows:

- It is owned by the government.
- It works for social benefit.
- It provides secured employment.
- Goods and services are provided at cost or even at a subsidised rate.
- It helps in the development of infrastructure.

Five features of private sector are as follows:

- It is owned by private individuals.
- It works for profit.
- It does not provide secure employment.
- Goods and services are provided after charging high profits.
- It helps in improving the standard of living.

Q 7. Compare the economic activities of the private sector with that of the public sector. (CBSE 2019)

Ans. The economic activities of the private sector can be compared with the public sector as follows:

- Most of the assets of the public sector are owned by the government and the primary motive is to make public welfare but the private sector is owned by individuals or a group of individuals and the activities are guided with the ultimate objective of earning profits.
- Government provides all the services in the public sector while in the private sector, services are offered by the owner of the firm.
- Government raises money for various activities through taxes in public sector. But the private sector collects money for the services they provide.
- There are certain activities which the public sector is required to support whereas the private sector may not perform production or conduct business without the support of the government.
- Railways and post offices are examples of the public sector whereas Tata Steel and Reliance are examples of the private sector.

COMMON ERROR

Students do not give examples of both the sectors and lose their marks.

Q 8. Explain how does the public sector contribute to the economic development to the nation? (CBSE 2018)

OR

'Public sector contributes to the economic development of India'. Justify the statement.

(CBSE SQP 2020)

OR

Explain how 'Public Sector' contributes in the economic development of the nation. (CBSE 2023)

Ans. Public sector has the following contribution to the economic development of India.

- (i) It promotes rapid economic development through creation and expansion of infrastructure.
- (ii) It creates employment opportunities.
- (iii) It generates financial resources for development.
- (iv) It is ensuring equality of income, wealth and thus, a balanced regional development.
- (v) It encourages development of small, medium and cottage industries.
- (vi) It ensures easy availability of goods at moderate rates.
- (vii) It contributes to community development, Human Development Index i.e., health and education services, etc.

Q 9. Highlight any five ways to increase employment in India. (CBSE 2019)

OR

How can employment be increased in both rural and urban areas? Explain. (CBSE 2017)

Ans. The ways to increase employment in India are:

- (i) 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.

- (ii) The government can help 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.
- (iii) The government banks can assist in promoting small-scale industries, small-scale manufacturing units, agro-processing industries and providing loans for the same.
- (iv) 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.
- (v) 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.
- (vi) Investing more in tourism and opening of new IT services employing more youth in these sectors.



Chapter Test

Multiple Choice Questions

- Q 1. Employment figures of a country are based on data collected from 5-yearly survey on employment and unemployment. Which organisation conducts this survey?**
 - a. NSSO—National Sample Survey Organisation
 - b. NREGA 2005—National Rural Employment Guarantee Act, 2005
 - c. ILO—International Labour Organisation
 - d. Census of India
- Q 2. The economy is classified into public and private sectors on the basis of:**
 - a. employment conditions
 - b. the nature of economic activity
 - c. ownership of enterprises
 - d. number of workers employed in the enterprise
- Q 3. Which activities come under the agriculture and related sectors?**
 - a. Dairy
 - b. Mineral excavation
 - c. Using cotton fiber from the plant
 - d. Selling agricultural products in the market
- Q 4. 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 the year
 - c. total production of the sector for that year
 - d. gross production of the sector for that year

Q 5. Which of the following is true with reference to the organised sector?

- (i) The terms of employment are regular.
 - (ii) People have assured work.
 - (iii) They are registered by the government.
 - (iv) The sector follow rules and regulations.
- a. (i) and (ii) b. (ii) and (iii)
c. (iii) and (iv) d. All of these

Assertion and Reason Type Questions

Directions (Q. Nos. 6-7): In the following questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
 - c. Assertion (A) is true, but Reason (R) is false.
 - d. Assertion (A) is false, but Reason (R) is true.
- Q 6. Assertion (A): Underemployment can also be called disguised unemployment.**
Reason (R): Each person is doing some work but no-one is fully employed according to their true potential. This type of unemployment is hidden unlike the common type of unemployment where the job seeker clearly has no job.

Q 7. Assertion (A): GDP (Gross Domestic Product) shows how big the economy is.

Reason (R): GDP of a country is the value of all intermediate goods and services produced within a country during a particular year.

Source Based Question

Q 8. Read the source given below and answer the questions that follow:

Generally, it has been noted from the histories of many, now developed, countries that at initial stages of development, primary sector was the most important sector of economic activity. 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 craft persons and traders. 'Buying and selling activities increased many times. Besides, there were also transporters, administrators, army, etc. However, at this stage, most the goods produced were natural products from the primary sector and most people were also employed in this sector.

Over a long time (more than hundred years), and especially because new methods of manufacturing were introduced, factories came up and started expanding. Those people who had earlier worked on farms now began to work in factories in large numbers. They were forced to do so as you read in history chapters. People began to use many more goods that were produced in factories at cheap rates. Secondary sector gradually became the most important in total production and employment.

Hence, over time, a shift had taken place. This means that the importance of the sectors had changed. In the past 100 years, there has been a further shift from secondary to tertiary sector in developed countries. The service sector has become the most important in terms of total production. Most of the working people are also employed in the services sector. This is the general pattern observed in developed countries.

(i) The source given above relates to which of the following options?

- a. Importance of sectors b. Change in sectors
- c. GDP d. GNP

(ii) At the initial stages of development, which sector was the most important sector of economic activity?

- a. Secondary b. Primary
- c. Tertiary d. Quaternary

(iii) According to given passage, in which sector production of goods started in factories at cheap rates?

- a. Primary sector b. Secondary sector
- c. Tertiary sector d. None of these

(iv) In which countries there is a general pattern that most of the working people are employed in the service sector?

- a. Developing countries
- b. Underdeveloped countries
- c. Developed countries
- d. All countries

(v) gradually became the most important in total production and employment.

- a. Secondary sector b. Tertiary sector
- c. Public sector d. Primary sector

(vi) Two statements are marked as Assertion (A) and Reason (R): Read the statements and select the correct option:

Assertion (A): In India, the primary sector is the largest employer.

Reason (R): The demand for services has increased enormously.

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- c. Assertion (A) is true, but Reason (R) is false.
- d. Assertion (A) is false, but Reason (R) is true.

Very Short Answer Type Questions

Q 9. Why is primary sector also called the agricultural and allied sector?

Q 10. Give one example to prove the interdependence of three sectors of the economy.

Short Answer Type Questions

Q 11. Underemployment continues to be rampant in rural areas. Suggest and explain any three ways through which employment for rural people can be generated.

Q 12. Explain any three reasons for the Primary sector to be the largest employer in India.

Q 13. In what three ways is organised sector better than unorganised sector? Explain.

Long Answer Type Questions

Q 14. Explain why service sector is gaining more importance in the global economy.

Q 15. 'The declining share of agriculture in the Gross Domestic Product (GDP) is a matter of serious concern in India'. Support the statement with any five reasons.