

3. Production and Employment

Improve your learning

1. Question

Do you think the classification of economic activities into primary, secondary and services sectors is useful? Explain how.

Answer

The classification such as primary, secondary and tertiary sectors are useful in determining the which economic activity contributes how much in the economy.

If any sectors are not contributing much, then the government could make some reforms in that sector to boost the production.

In this way, the classification helps in determining the economic activities.

2. Question

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

Discuss.

Answer

Employment and GDP are important as they determine the size of a nation's economy. A nation could develop only when the rate of employability is high, and GDP of that particular year is also high.

3. Question

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

Answer

Service sector is one that provided services rather than goods. In this sector, no goods are produced. In recent years the service sector has become the most important sector in GDP contribution.

Services comprises of:

1. Community, Social and personal services: These includes services like health, education, defense, etc.

2. Finance, insurance, and real estate: Services like banks, Insurance, brokerage, etc.

3. Trade, hotels, transport communication services.

Other sectors like Agriculture, Industries are involved in the production of goods.

4. Question

What do you understand by underemployment? Explain with one example each from the urban and rural areas.

Answer

When people are employed but are allotted lesser work than their potential is not utilised properly. Example: in urban areas laborers are in mass searching for a job every day. Many of them do not find work every day. While many like street vendor spend the whole day working but earn very little. This is called as underemployment.

In rural areas the agriculture sector is overburdened. There are a lot of people ready to work on farms. So even if some people move out of the farm, the production will not be affected.

5. Question

The workers in the unorganized sector need protection on the following issues: wages, safety, and health. Explain with examples.

Answer

The unorganized sectors comprise of small-scale enterprises, where working hours are not fixed. It has daily wages and there is no job security. Example construction workers, people working in small workshops. Whereas the organized sector is opposite to it, it has job security, fixed wages. Example: factories, industries.

The people working in unorganized sectors mostly belong to the vulnerable section of society like the women, SC/STs, small and marginal farmers, artisans, etc. These farmers need to support by providing them with seeds, credit, agricultural equipment, selling, and receiving minimum wages.

The laborers working in urban areas in industries, factories and especially the women who face social discriminations many times need to be protected by the government.

As these workers get minimum wages and they find it hard in surviving, so facilities like living, health etc must also be looked by the government. They must get a facility like free health checkups in government hospitals.

These measures are necessary to be taken as this would lead to both social and economic development.

6. Question

A study in Ahmedabad found that out of 15,00,000 workers in the city, 11,00,000 worked are in the unorganized sector. The total income of the city in this year (1997- 1998) was Rs 6000 crores. Out of this, Rs 3200 crores was generated in the organized sector. Present this data as a table. What are the ways of generating more employment in the city?

Answer

	Unorganized	organized
Workers	1100000	400000
Total income	Rs2800 Cr	Rs 3200 Cr

The unorganized sectors comprise of small-scale enterprises, where working hours are not fixed, it has daily wages, there is no job security. Example construction workers, people working in small workshops. Whereas the organized sector is opposed to it; it has job security, fixed wages. Example: factories, industries.

The employment could be increased in the city by providing skills to the people and ensuring that after acquiring the skills they must be employed. Example Skills like tailoring, driving, cooking could be taught to these rural people who work on mere wages and then providing them with a job in their respective skilled sector.

7. Question

Read the 4th para of page 33, i.e., “ In the past 50 years, observed for developed countries”.

Is a similar pattern observed for India? Give your opinion.

Answer

In the past 50 years there has been an increase in the production of the industrial sector than the agricultural sector. People have started to work more in industries, and the contribution of the industrial and service sector in GDP has also increased.

The similar trend could be noticed in the case of India too. The output share of agriculture has fallen, and that of industrial and service sector has increased. This is due to the high rate of employability in these sectors and the mass production that is done.

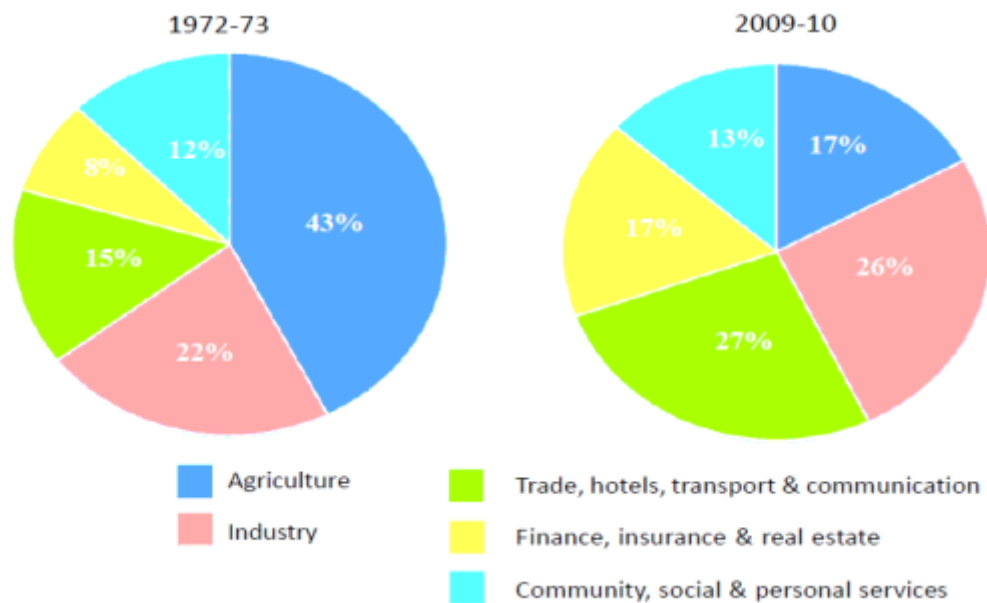
8. Question

Observe the ‘pie’ graphs given on page 34 and answer the following questions.

i) In the year 2011-12, in G.D.P. share of which sectors are increased when compared to the year 1972-73?

ii) How much the share of agricultural sector in GDP is decreased in the year 2011-12 when compared to the year 1972-73.

Answer



i) the industry has increased from 22% to 26 %, Trade, hotels, transport & communication has increased from 15% to 27 %, Finance and insurance sector have increased from 8% to 17 %, community and social services have increased from 12% to 13 %. So except agriculture rest, all the other sectors have increased.

ii) The agricultural sector has decreased from 43% to 17%. The reason for this is the industrial revolution. Due to new methods of manufacturing, more factories were set up and people started to prefer to work in factories rather than on the farm. The goods were produced in mass and at cheaper rates. Gradually the industrial sector started to dominate the economy surpassing the agricultural sector.

9. Question

What points are to be considered while estimating gross domestic product?

Answer

Gross Domestic Product is the total production of goods and services within the economic territory of the country for a specified time.

1. It is calculated for finished and final goods and services.
2. $GDP = C + I + G + (X - I)$ this is the formula through which GD is calculated.
3. C is consumption, i.e. the money spent on the consumption of food, rent, jewelry, etc.
4. I am Investment, i.e., This includes construction of a new mine, purchase of software, or purchase of machinery and equipment for a factory. Spending by households (not government) on new houses is also included in Investment.

5. G is Government spending, i.e., the sum of government expenditures on final goods and services. It includes salaries of public servants, purchase of weapons for the military, and any

6. X is export it is the goods or services produced for consumption of other nations.

7. I is Import it is the goods and services purchased from other nations.

10. Question

Discuss the changes in shares of different sectors in GDP.

Answer

The three major sectors are Agriculture, Industry and Service sector.

a. Agriculture Sector: It is the primary sector of the economy. After Independence, it was the major contributor in the GDP. But as industrialisation came into existence, setting up of industries, factories, etc increased the number of jobs and generated more employment. This led to an increase in the demands of their products. So, the contribution of the Agricultural sector to the GDP has declined and has come down at 17%.

b. Industry Sector: As Industrialisation came into existence, setting up of industries, factories, etc increased the number of jobs and generated more employment. This led to an increase in the demands of their products. This sector includes 'Mining & quarrying,' Manufacturing Gas, Electricity, Construction, and Water supply. This is also known as the **secondary sectors of the economy**. Currently, it is contributing to around 31% of the Indian GDP.

c. Services Sector: Services sector includes Financial, real estate & professional services, Public Administration, defense and other services, trade, hotels, transport, communication and services related to broadcasting. This sector is also known as a **tertiary sector of the economy**. Currently, this sector is the major contributor to the GDP at 53% of GDP.

11. Question

Analyze the role of the unorganized sector in GDP.

Answer

The unorganized sectors comprise of small-scale enterprises, where working hours are not fixed, it has daily wages, there is no job security. Example construction workers, people working in small workshops. Whereas the organized sector is opposed to it, it has job security, fixed wages. Example: factories, industries.

The people working in unorganized sectors mostly belong to the vulnerable section of society like the women, SC/STs, small and marginal farmers, artisans, etc.

However, the informal/unorganized sector has a predominant place in the Indian economy in terms of its contribution to the GDP and employment. The importance of the sector is evident from the fact that more than 50% of the GDP comes from this sector.