

# SECTORS OF THE INDIAN ECONOMY

**Q.1 During the period between 1973 to 2003, the production has increased most in the \_\_\_\_\_**

Ans. Tertiary Sector

**Q.2 GDP is the value of..... produced during a particular year:**

Ans. All final goods & services

**Q.3 The sectors are classified in to public and private sectors on the basis of \_\_\_\_\_**

Ans. Ownership of enterprises

**Q.4 NREGA 2005 guarantees work for how many days in a year?**

Ans. 100 days.

**Q.5 Which one of the following is a public sector enterprise?**

Ans. Indian Railway

**Q.6 Which was the largest producing sector in 1973?**

Ans. Primary Sector

## SHORT ANSWER TYPE QUESTIONS

**Q.1 What are the differences between public and private sectors?**

Ans.

BASIS FOR COMPARISON	PUBLIC SECTOR	PRIVATE SECTOR
Meaning	The section of a nation's economy, which is under the control of government, whether it is central, state	The section of a nation's economy, which owned and controlled by private

<b>BASIS FOR COMPARISON</b>	<b>PUBLIC SECTOR</b>	<b>PRIVATE SECTOR</b>
	or local, is known as the Public Sector.	individuals or companies is known as Private Sector.
Basic objective	To serve the citizens of the country.	Earning Profit
Raises money from	Public Revenue like tax, duty, penalty etc.	Issuing shares and debentures or by taking loan
Areas	Police, Army, Mining, Health, Manufacturing, Electricity, Education, Transport, Telecommunication, Agriculture, Banking, Insurance, etc.	Finance, Information Technology, Mining, Transport, Education, Telecommunication, Manufacturing, Banking, Construction, Pharmaceuticals etc.
Benefits of working	Job security, Retirement benefits, Allowances, Perquisites etc.	Good salary package, Competitive environment, Incentives etc.
Basis of Promotion	Seniority	Merit
Job Stability	Yes	No

**Q.2 Though maximum share of GDP is coming from tertiary sector, but still the share of employment in the primary sector is maximum. Discuss.**

Ans : (a) This situation is because not enough jobs are created in the secondary and tertiary sectors.

Though the industrial production of goods went up by eight times, but employment in the industry went up by only 2.5 times.

Similarly in the tertiary sector, production rose by 11 times but employment rose less than three times.

As a result, more than half of the population is dependent on the primary sector which contributes only a quarter of GDP.

### **Q.3 Why does only final goods and services are included while calculating National Income?**

Ans: Only final goods and services are included while calculating National Income because:

Final goods are those goods which have crossed the boundary line of production and are ready for final consumption and investment.

The value of final goods already includes the value of all the intermediate goods that are used in making the final goods. This would lead to the problem of double counting if all the goods of the economy will be included while calculating national income.

This should be avoided because if the value of any commodity is counted more than once it will result in overestimation of national income.

### **Q.4 What is the meaning of under employment? In which economic sector is under employment conditions more prevalent? & Why?**

Ans : A condition in which each individual appears working but no one is fully employed. This is the situation of under employment. People under such type of employment cannot utilize their potential and capacity in full.

It is in primary sector because-

This sector comprises the poorest section of society in majority

People engaged in this sector are illiterate or semi-literate.

## **LONG ANSWER TYPE QUESTIONS**

### **Q.1 Why is the tertiary sector becoming more important in India? Explain.**

Ans : The tertiary sector becoming more important in India because :

In any country several basic services like transport, bank, insurance, educational institutions etc are required and the government has to take responsibility for the provision of these services.

The development of agriculture and industry lead to the development of services such as transport, trade, storage etc.

As income level rises, certain section of people started demanding many services like eating out, tourism, private hospital etc.

Certain new services such as those based on information and communication technology have become important and essential

### **Q.2 What is the differences in the employment conditions between organized and un-organized sectors of the economy?**

#### **Key Differences Between Organised and Unorganised Sector**

The difference between organised and unorganised sector can be drawn clearly on the following grounds:

1. Organised Sector is a sector where the employment terms are fixed and regular, and the employees get assured work. Unorganised sector is one where the employment terms are not fixed and regular, as well as the enterprises, are not registered with the government.
2. A number of acts apply to an organised sector like Factories Act, Bonus Act, PF Act, Minimum Wages Act, etc. whereas unorganised sector is not governed by any such act.
3. The government rules are strictly followed in the organised sector, which is not in the case of unorganised sector.

4. In organised sector, the employees draw regular monthly salaries. On the other hand, in the unorganised sector, the workers are paid on a daily basis.
5. Job security exists in the organised sector, but not in the unorganised sector.
6. The organised sector, provide additional remuneration to employees for overtime. Conversely, there is no such provision for overtime in case of the unorganised sector.
7. In organised sector, the salaries of employees are as per government norms. In contrast to an unorganised sector where wages are below, what is prescribed by the government.
8. In organised sectors, workers get a hike on salary, once in a while. As opposed to an Unorganised sector where the salaries or workers are rarely hiked.
9. Employees get add-on benefits like medical facilities, pension, leave travel compensation, etc. in the organised sector, which is not provided to the employees working in unorganised sector.

## **Very Short Answer Questions (VSA) 1 Mark**

Question 1. Classify the economy on the basis of ownership of enterprises.

Answer: Public Sector and Private Sector.

Question 2. Classify the economy on the basis of the nature of the activity.

Answer: The economy is classified on the basis of economic activities into three sectors namely Primary sector, Secondary sector and Tertiary sector.

Question 3. What is disguised unemployment?

Answer: Disguised unemployment is a situation in which more people are employed on a job than the required number.

Question 4. Production of a commodity, mostly through the natural process is an activity of which sector?

Answer: Primary Sector

Question 5. Name the sector in which the government owns most of the assets and provides all the services.

Answer: Pubic Sector

Question 6. Name the sector which continued to be the largest employer even in the year 2000.

Answer: The primary sector continued to be the largest employer even in the year 2000.

Question 7. How many days of guaranteed employment are provided under National Rural Employment Guarantee Act, 2005?

Answer: 100 days of employment are guaranteed under NREGA, 2005.

Question 8. ATM is an example of which sector?

Answer: Tertiary sector

Question 9. Suggest any one way to create employment opportunity in the rural areas.

Answer: 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.

Question 10. Production of a commodity, mostly through the natural process is an activity of which sector?

Answer: Primary Sector

Question 11. Name the sector in which the government owns most of the assets and provides all the services.

Answer: Public Sector

## Short Answer Questions (SA) 3 Marks

Question 12. Explain how public sector contributes to the economic development of a nation.

Answer: 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.,

1. Construction of roads, national highways, flyovers, metro-rails, railway lines, irrigation through dams, etc.
2. The government provides an impetus to industrial growth by supplying electricity at affordable rates.
3. By running schools and providing good quality of education, the government is trying to remove illiteracy and taking the nation forward.

Question 13. Why is NREGA also called the Right to work? Explain the objectives of National Rural Employment Guarantee Act 2005.

Answer: 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.

Question 14. With the example of sugarcane, explain the interdependence of all the three sectors of the economy.

Answer: 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 is 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.

Question 15. “The problem of underemployment is not confined only to agriculture”. Support the statement with examples.

Answer: 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 every day.
- 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.

Question 16. What are final goods and intermediate goods? How do they help in calculating (GDP) Gross Domestic Product?

Answer: 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.

Question 17. Explain any three ways to solve the problem of underemployment.

Answer: 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 underemployment:

1. Provision of loans may help in creating jobs for disguised unemployed and underemployed 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.

2. 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.
3. If local banks give credit to farmers at a reasonable rate of interest, they will be able to buy agricultural inputs and increase productivity.
4. Centres for vegetables and fruit processing, health centres, educational institutions, tourism and IT centres will certainly help in creating jobs.

Question 18. 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?

Answer: 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.

1. 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.
2. 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.
3. 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.

Question 19. Classify the economic sectors on the basis of nature of activities. Mention the main feature of each.

Answer: On the basis of nature of activities, economic sectors are classified into:

1. Primary sector
2. Secondary sector
3. 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.

Question 20.

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

Answer:

Gross Domestic Product (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.

### Long Answer Questions (LA)

#### Question 21.

Describe the importance of Primary sector in the Indian economy.

Answer:

Importance of Primary sector:

1. Primary Sector provides the basic needs of economy for food and mineral ores.
2. It produces some of the raw materials (like jute, cotton, coal extracted from mines) for the industrial sector.
3. 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.
4. 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, fertilizers, etc.).

#### Question 22.

How can we create more employment in secondary and tertiary sectors in rural India? (2012)

Answer:

1. 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.
2. 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.

3. Providing credit at a reasonable rate of interest to help farmers buy seeds, fertilisers, agricultural equipments, pumpsets etc. can generate employment in rural banking.
4. 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.
5. 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.

Question 23.

Explain the importance of the service sector. (2013)

Or

Explain reasons for the rising importance of the tertiary sector in India. (2012)

Answer:

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

1. Greater the development of primary sector and secondary sector more would be the demand for Services.
2. 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.
3. Even development of agriculture and industry leads to the development of services such as transport, trade and storage, etc.

4. 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.
5. 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.

Question 24.

How can employment be increased in both rural and urban areas?

Explain. (2013)

Answer:

Ways to provide more employment opportunities in rural areas:

1. 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.
2. 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.
3. 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.
4. 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.
5. Investing more in tourism and employing more youth in this sector.

Question 25.

“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.

Answer:

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:

1. Activities in the private sector are guided by the motive to earn profits and not welfare of the people,
2. 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.
3. It is difficult for the Private sector to collect money from thousands of people who use these services.
4. The Private sector sometimes ignores regional balanced development, equality of income and development of basic industries.
5. 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.

Question 26.

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

Answer:

Before accepting a job many factors need to be considered apart from income—

1. These include factors such as facilities for families, working atmosphere, or opportunity to learn.

2. 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.
3. The terms of employment are as per government rules and regulations.
4. The enterprise also gives several other benefits like paid leave, provident fund, gratuity, etc.
5. 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.

Question 27.

‘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)

Answer:

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:

1. 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.



2. 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.

Question 28.

Define tertiary sector. Describe about the different kinds of people employed in this sector in India. (2014)

Answer:

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 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.

1. 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.
2. 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.

Question 29.

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

Answer:

Public Sector:

1. The government owns most of the assets.
2. All the services are provided by the government.

3. 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.
4. Employees feel secured and there is discipline and regular work.
5. Governments raise money through taxes and other means.
6. For example, railways, post offices, construction of roads, bridges, harbours, dams, etc.

#### Private Sector:

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

#### Question 30.

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

Answer:

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.

1. It promotes rapid economic development through creation and expansion of infrastructure.
2. The public sector provides various services and facilities like construction of roads, bridges, railways, irrigation through dams, etc. where heavy spending is required.

3. A large number of activities are a primary responsibility of the government like schools, hospitals, housing, safe drinking water, etc.
4. 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.
5. It ensures availability of goods and services at moderate rates and also contributes to community development through creation and expansion of infrastructure.

Question 31.

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

Answer:

There is need for protection and support of the workers in the unorganised sector:

1. In the rural areas, this sector comprises of landless agricultural labourers, small and marginal farmers, share croppers and artisans (weaners, carpenters, goldsmiths).  
These farmers need to be supported through adequate facility for timely delivery of seeds, agricultural inputs, credit, storage facilities and marketing outlets.
2. 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.
3. 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.

Question 32.

Describe certain activities of public interest on which the government

has to focus on priority basis. (Board Question)

Answer:

Activities of public interest on which the government needs to focus on a priority basis:

1. Education. The government must provide adequate education facilities in all rural and urban areas. The government must necessarily focus on education for girls so that all girls are able to acquire atleast secondary level schooling. Running proper schools and providing quality education, particularly elementary education, is the duty of the government.
2. Health and Nutrition,
  1. Basic health care facilities are a must for all. Establishment of government hospitals, clinics and dispensaries, especially in rural areas, to provide subsidized and unadulterated medicines to the poorer sections of society.
  2. An effective Public Distribution System—proper functioning of ration shops and equitable distribution of food grains is very essential.
3. Transportation. A well developed public transport system to make it easy for general public to commute.
4. Electricity. It is the duty of the government to provide electricity and water at reasonable rates to the common man and prevent him from exploitation by private companies.

Question 33.

Compare the employment conditions prevailing in the Organized and Unorganized sectors. (NCERT Question)

Answer:

Organized sector:

1. In this sector, terms of employment are regular and people have assured work.
2. They are registered by the government.

3. 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.
4. 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:

1. In this sector, employment is not secure and jobs are irregular.
2. Here government rules are not followed as they are outside the control of the government.
3. Usually, they offer low-paid jobs, no provision for overtime, paid leave, holiday leave or sick leave.
4. Employees can be asked to leave without any reason. One can also see a large number of under-employed workers in this sector.

Question 34.

Explain the importance of the service sector. (2017 D)

Answer:

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

1. Greater the development of primary sector and secondary sector more would be the demand for Services.
2. 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.
3. Even development of agriculture and industry leads to the development of services such as transport, trade and storage etc.

4. 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.
5. 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.

Question 35.

How can employment be increased in both rural and urban areas?

Explain. (2017 OD)

Answer:

Ways to provide more employment opportunities in rural areas:

1. 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.
2. 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 irrotational 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.
3. 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.
4. 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.
5. Investing more in tourism and employing more youth in this sector.

Question 36.

“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)

Answer:

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:

1. Activities in the private sector are guided by the motive to earn profits and not welfare of the people.
2. 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.
3. It is difficult for the Private sector to collect money from thousands of people who use these services.
4. The Private sector sometimes ignores regional balanced development, equality of income and development of basic industries.
5. 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.

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

- (a) Employment conditions
- (b) The nature of economic activities
- (c) Number of workers employed
- (d) Ownership of enterprises<sup>3</sup>

Answer: d

2. When we produce a good by exploiting natural resources, it is an activity of the:

- (a) Secondary sector
- (b) Tertiary sector
- (c) Primary sector
- (d) Organised sector

Answer: c

3. The service sector includes activities such as:

- (a) agriculture, dairy, fishing and forestry
- (b) making sugar, gur and bricks
- (c) transport, communication and banking
- (d) None of these

Answer: c

4. Choose the correct meaning of organised sector:

- (a) It covers those enterprises where the terms of employment are regular.
- (b) It is outside the control of the government.
- (c) Jobs are not regular.
- (d) It provides low salaries.

Answer: a

5. Which of the following is included in tertiary sector?

- (a) ATM booths



- (b) Call centres
- (c) Internet cafe
- (d) All of them

Answer: d

6. Government owns most of the assets and provides all the services:

- (a) Private Sector
- (b) Public Sector
- (c) Organised Sector
- (d) Tertiary Sector

Answer: b

7. The value of all final goods and services produced within a country during a particular year is called as:

- (a) Gross Domestic Product
- (b) Net Domestic Product
- (c) National Product
- (d) Production of Tertiary Sector

Answer: a

8. A situation in which more persons are employed on a job than are optimally required is:

- (a) Structural unemployment
- (b) Disguised unemployment
- (c) Cyclical unemployment
- (d) Seasonal unemployment

Answer: b

9. Out of 200 million children in the school going age group, how many are attending schools?

- (a) One-fourth
- (b) Half
- (c) Two-thirds
- (d) One-fifth

Answer: c

10. Central government in India made a law, implementing the Right to Work in how many districts of India?

- (a) 150 districts
- (b) 200 districts
- (c) 250 districts
- (d) **625 districts**

11. 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 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 trans-actions of a country in a particular year.

Answer: a

12. 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

Answer: b

13. Identify the natural product from the list of items given below:

- (a) Textile
- (b) Wheat flour
- (c) Cotton
- (d) Tomato sauce

Answer: c

14. Which of the following examples does not fall under unorganized 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.

Answer: c

15. Identify the correct answer from the alternatives provided.

Both Tisco and Reliance Industries are owned by :

- (a) The government
- (b) Private company

- (c) A cooperative society
- (d) Jointly by private companies and the govt.

Answer: c

16. 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

Answer: b

17. Choose one correct statement from the following:

Underemployment occurs —

- (a) when people are not willing to work.
- (b) when people are working slowly.
- (c) when people are working less than what they are capable of doing.
- (d) when people are not paid for their jobs.

Answer: c

18. Which sector has emerged as the largest producing sector in India. Select one from the following alternatives:

- (a) Secondary sector
- (b) Tertiary sector
- (c) Primary sector
- (d) Science and Technology sector

Answer: b

19. Where will you find the disguised unemployment most? Select the correct option from those given below:

- (a) Among agricultural workers working for small farm lands
- (b) Among part-time industrial workers
- (c) In most of the government offices
- (d) In big private companies

Answer: a

20. How do big private companies contribute in the development of a nation?

- (a) By increasing the demands for their products through advertisements.
- (b) By increasing their profits.
- (c) By increasing productivity of the country in the manufacturing of industrial goods.
- (d) By providing private hospital facilities for the rich.

Answer: c

21. \_\_\_\_\_ refers to the activities which are undertaken by people with the object of earning money.

Explanation: Economic activities

22. A housewife looking after the household is an example of \_\_\_\_\_ .

Explanation: non-economic activities

23. All goods which are used as raw material for further production of other goods or for resale in the same year are called \_\_\_\_\_ .

Explanation: intermediate goods

24. The Act guaranteed 100 days of employment in a year or unemployment allowances to the people should be provided by the government is known as \_\_\_\_\_ .

Mahatma Gandhi National Rural Employment Guarantee Act 2005  
(MGNREGA 2005)

25. \_\_\_\_\_ sector is governed by various laws such as Factories Act, Minimum Wages Act etc.

Explanation: Organised

26. \_\_\_\_\_ includes production by exploiting natural resources.

Explanation: Primary sector

27. \_\_\_\_\_ and \_\_\_\_\_ are the two factors of production.

Explanation: Capital; labour

28. There is no provision for overtime, paid leave, holidays etc. in unorganized sector. (True/False)

Explanation:

True, as the jobs are not regular and lack in security.

29. The objective of public sector is to maximize profits. (True/False)

Explanation:

False, as the objective of public sector is to promote public welfare and not to maximize profits.

30. Railways comes under public sector. (True/False)

Explanation:

True, as the government owns them.

31. Capital is the only factor of production. (True/False)

Explanation:

False, as labour and land are also factors of production.

32. The goods which are meant either for consumption by consumers or for investment by firms are called final goods. (True/False)

Explanation:

True, as they are produced either for consumption or investment.

33. Under NREGA 2005, the government guaranteed 120 days of work to rural household. (True/False)

Explanation:

False, as under NREGA 2005, the government guaranteed 100 days of work to rural household.

34. When more persons are employed in a job rather than optimally required is seasonal unemployment. (True/False)

Explanation:

False, as when more persons are employed in a job rather than optimally required it is a case of disguised unemployment.

35. What is economic development?

Explanation:

Economic development means that the rate of production must be faster than the rate of increase in population. In other words, we can say that it makes people better off by increasing their command over goods and services and the choices open to them.

36. Name any activity done in primary sector?

Explanation:

In primary sector, goods are produced by exploiting natural resources.

37. Why is primary sector also called agriculture and related sector?

Explanation:

Primary sector is also called agriculture and related sector because most of the natural products we get are from agriculture, dairy, fishing, forests etc.



38. What activities are done in the secondary sector?

Explanation:

In secondary sector, natural products are changed into other forms through different ways of manufacturing.

39. Distinguish between 'primary' and 'secondary' sectors.

Explanation:

Primary sector exploits natural resources to produce goods whereas secondary sector change natural products into other forms through manufacturing.

40. What does the tertiary sector include?

Explanation:

Tertiary sector includes distribution of services, training and support.

41. Identify any two services included in the tertiary sector in the recent times.

Explanation:

Internet cafe, ATM booths, call centres, software companies etc. (any two)

42. Define GDP.

Explanation:

GDP refers to Gross Domestic Product. It is the value of all final goods and services produced within a country during a particular year.

43. Which sector has grown considerably in the recent years?

Explanation:

In the recent years, the tertiary sector has shown a considerable growth.

44. Which sector has contributed the most to the employment?

Explanation:

Primary sector has contributed the most to the employment.

45. Where are most of the underemployed people found?

Most of the underemployed people are found in agriculture.

46. What is double counting?

When the value of a product is counted more than once, it is called double counting. This leads to the overestimation of the value of goods and services produced.

47. Which sector generates services rather than goods?

Tertiary or Service sector generates services rather than goods.

48. Name two vulnerable groups in urban areas.

Two vulnerable groups in urban areas are rag pickers and street vendors.

49. What are intermediate goods?

Intermediate goods are those goods which are used up in the production process to make final goods and services.

50. What are final goods and services?

Final goods and services are those which reach the consumers for final consumption or capital formation.

### Fill in the Blanks

1. Tertiary sector is also called .....
2. Communication and banking come under ..... sector.
3. Cotton cultivation falls under ..... sector.
4. In the public sector, the ..... owns most of the assets and provides all services.
5. In the Private sector, the ownership lies in the hands of .....
6. Most of the jobs are ..... and ..... paid in the unorganised sector.
7. Protection and support to the unorganised sector is needed for both ..... and ..... development.
8. Bankers and truck drivers belong to ..... sector of the economy.

### Answers.

1. Service sector
2. Tertiary
3. Primary
4. government
5. private companies
6. unsecure, lowly
7. economic and social
8. Tertiary