

CHAPTER

2

SECTORS OF THE INDIAN ECONOMY

Syllabus

- *Sectors of Economic Activities; Historical change in sectors; Rising importance of tertiary sector; Employment Generation; Division of Sectors- Organised and Unorganised; Protective measures for unorganised sector workers.*



TOPIC-1 Sectors of Economic Activities

TOPIC - 1

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Division of Sectors as Organized and Unorganized

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Quick Review

- All activities that give an income in return are called economic activities. Example, people going for work in factories, banks, schools, etc.
- People are engaged in various economic activities producing goods and services.
- **Economic activities can be classified in three sectors :**
 - **Primary Sector :** Goods which are produced by exploiting natural resources come under the category of primary sector.
 - **Secondary Sector :** Transformation of one good into another comes under the category of secondary sector. For example: Transformation of sugarcane into sugar.
 - **Tertiary Sector :** All production units producing services which help in the development of primary and secondary sectors come under the category of tertiary sector. For example, doctors, teachers, lawyers, etc.
- Economic activities, though, are grouped into three different categories, are very much interdependent.
- The various production activities in primary, secondary and tertiary sectors produce a large number of goods and services and employ a large number of people.
- 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.
- There are not enough job opportunities in the secondary and tertiary sectors.
- More than half of the workers in the country are working in the primary sector, especially in agriculture.
- 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.
- The sum of production in the three sectors gives what is called the Gross Domestic Product (GDP) of a country.
- The contribution of agriculture in the GDP is only one—fourth whereas the secondary and tertiary sector contribute three—fourth of the produce.
- In the year 2003, the tertiary sector has emerged as the largest producing sector in India replacing the primary sector.
- **The tertiary sector is becoming very important in India due to several reasons :**
 - The government has taken responsibility for the provision of services such as hospitals, educational institutions, post and telegraph services, etc.
 - Secondly, agriculture and industry has developed.

- Third, as income levels rise in big cities, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospitals, etc.
- Fourth, over the past decade or so, certain new services such as those based on information and communication technology have become important and essential.
- Service sector in India employs many different kinds of people like highly skilled and educated workers on one side and a very large number of workers engaged in services such as small shopkeepers, repair persons, transport persons, etc., on the other side.
- Organised sector covers those enterprises that are registered by the government and have to follow its rules and regulations. Therefore people have job security.
- Unorganised sector covers small and scattered units which are largely outside the control of the government. Employment is not secure in the unorganised sector.

Know the Terms

- **Primary Sector** : It includes all those economic activities which are connected with extraction and production of natural resources, *e.g.*, agriculture, fishing, mining, etc.
- **Secondary Sector** : It includes all those economic activities which are related to manufacturing process, *e.g.*, mining of iron ore is primary activity but manufacturing of steel is secondary activity.
- **Tertiary Sector** : It is the sector which is related to activities like transportation, banking insurance, etc.
- **Final Product** : It is the goods which are ready for consumption and are called final product, for example, bread which is ready for consumption.
- **Intermediate** : All goods which are used as raw material for further production of goods, or for resale in the same year are known as intermediate goods. For example, flour which will be used for production of bread, so flour is an intermediate product.
- **G.D.P. (Gross Domestic Product)** : It is the value of only final goods and services produced within the domestic territory of a country.

Know the Links

- www.thoughtco.com/sectors-of-the-economy-1435795
- www.quora.com/Which-sector-i-e-primary-secondary



Very Short Answer Type Questions

(1 mark each)

- | | |
|--|--|
| <p>□ Q. 1. Under which economic sector does the production of a commodity through the natural process come?
[Board Term-I, 2015, 2014, Set-C5JWEVD (WQ7FXWC), (R9UJGYG)]</p> <p>Ans. Primary sector. 1</p> | <p>□ Q. 6. Development of the primary and secondary sector? [Board Term-I, (WQ7FXWC), 2014]</p> <p>Ans. Tertiary sector. 1</p> |
| <p>□ A Q. 2. Name the sector which continued to be the largest employer even in the year 2000.
[Board Term-I, (X30T4XE), 2014]</p> <p>Ans. Primary sector. 1</p> | <p>□ A Q. 7. Which sector had the highest share in GDP in 2003? [Board Term-I, DDE-2014]</p> <p>Ans. Tertiary sector. 1</p> |
| <p>□ U Q. 3. In which sector are natural products changed into form through ways of manufacturing?
[Board Term-I, Set-M, DDE-2015]</p> <p>Ans. Secondary. 1</p> | <p>□ A Q. 8. Which sector generates services rather than goods?</p> <p>Ans. Tertiary. 1</p> |
| <p>□ U Q. 4. In which sector is manufacturing included?
[Board Term-I, DDE-2014]</p> <p>Ans. Secondary sector. 1</p> | <p>□ A Q. 9. Services such as transport, banking and insurance come under which sector?</p> <p>Ans. Tertiary sector. 1</p> |
| <p>□ A Q. 5. Which sector has gained prominence over the last thirty years?
[Board Term-I, (6HTQGTF), 2016-17]</p> <p>Ans. Tertiary sector. 1</p> | <p>□ A Q. 10. Mention the share of tertiary sector in terms of GDP in 2003? [Board Term-I, 2015] [NCERT]</p> <p>Ans. Between 50-60% 1</p> |
| | <p>□ A Q. 11. Which occupation belongs to the primary sector? Mention any one.
[Board Term-I, (6HTQGTF), 2016-17]</p> <p>Ans. Agriculture. 1</p> |

- A Q. 12. Which sector helps in the development of the primary and secondary sector?**
[Board Term-I, Set-XOKG2SB, 2015]
Ans. Service/Tertiary sector. 1
- U Q. 13. Write three activities which belong to the primary sector.**
Ans. Agriculture, dairy and mining. 1
- U Q. 14. Mention any one factor responsible for the growth of service sector in the Indian economy.**
[Board Term-I, (NLTM8TU), 2016-17]
Ans. The development of agriculture and industry lead to the development of services such as transport, trade, storage, etc. 1
- A Q. 15. TISCO and Reliance are owned by which sector?** [Board Term-I, (OEQL2HT), 2016-17]
Ans. Private sector. 1
- A Q. 16. Sahara Airlines and B.S.E.S. are examples of which sector?**
Ans. Private sector. 1
- A Q. 17. Railway is an example of which sector?**
Ans. Public sector. 1
- A Q. 18. A.T.M. is an example of which sector?**
[Board Term-I, Set-DDE, 2015]
Ans. Service sector. 1
- U Q. 19. In which sector is seasonal and disguised unemployment most prevalent in India?**
[Board Term-I, Set-M, DDE-2015]
Ans. Agriculture Sector 1
- U Q. 20. Where is the disguised unemployment formed mostly?** [Board Term-I, Set-6AP67LB, 2015]
Ans. Agriculture sector. Casual workers in the service sector. 1
- U Q. 21. What do final goods and services mean?**
[Board Term-I, (X30T4XE), 2014]
Ans. Total production of the sectors. 1
- U Q. 22. Which communities generally find them in the unorganized sector?**
Ans. Schedule tribes and backward communities. 1



Short Answer Type Questions

(3 marks each)

- U Q. 1. Explain the meaning of tertiary sector. Mention any four economic activities of this sector.**
[Board Term-I, (R9UJGYG), 2014]
Ans. **Tertiary Sector** : These are activities that help in the development of the primary and secondary sectors. These activities, by themselves, do not produce a good but they are an aid or a support for the production process.
Four economic activities of this sector are—banking, transport, storage, communication, etc. 3
- A Q. 2. Why is the tertiary sector becoming more important in India? Explain by giving any three reasons.** [Board Term-I, Set-6HTQGTF, 2016-17]
Ans. (i) 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.
(ii) The development of agriculture and industry lead to the development of services, such as transport trade, storage, etc.
(iii) As income level rises, certain sections of people started demanding many services like eating out, tourism, private hospitals, etc.
(iv) Certain new services such as those based on information and communication technology have become important and essential.
(v) Greater the development of the primary and secondary sectors, more would be the demand for such services. (Any three) $1 \times 3 = 3$
(CBSE Marking Scheme, 2016)
- U Q. 3. How is tertiary sector different from the other two sectors of economic activities? Explain.**
[Board Term-I, Set-NLTM8TU, 2016-17]
Ans. **Tertiary sector is different from other two sectors because:**
(i) It does not provide or produce goods.
(ii) It provides services such as transport, I.T., communications, etc.
(iii) It is the backbone of all the sectors.
(iv) More the primary and secondary sectors develop, there increases the requirement of services.
(Any three) $1 \times 3 = 3$
(CBSE Marking Scheme, 2016)
- A Q. 4. Classify the economic sectors on the basis of nature of activities. Mention the main feature of each.**
[Board Term-I, Set-X30T4XE, 2014, (33), 2012]
OR
- A Explain the three sectors of economic activities with the help of examples.**
[Board Term-I, (580012, 13, 27, 28, 31, 32, 43), 2011]
OR
- A Explain the primary, secondary and tertiary sectors by giving examples of each.**
[Board Term-I, (B1), 2010]
OR
- A How are the three sector of the economy different from each other? Explain.**
[Board Term-I, Set-6AP67LB, 2015]

Ans. Classification of economic sectors on the basis of nature of activities are as follows:

- (i) **Primary sector :** When we produce goods by exploiting natural resources, it is an activity of the primary sector, such as agriculture, dairy farming, fishing, forestry.
- (ii) **Secondary sector :** In this, natural products are changed into other forms through manufacturing that we associate with industrial activity. The product is not produced by nature but has to be made and therefore, some process of manufacturing is essential. For example, using cotton fibre from the plant we spin, yarn and weave cloth.
- (iii) **Tertiary sector :** It helps in the development of the primary and secondary sectors. They provide aid or a support for the production process. Transport, storage, communication, banking, trade are some examples of tertiary activities.

$1 \times 3 = 3$ (CBSE Marking Scheme, 2015)

Q. 5. Explain any three reasons for the Primary Sector to be the largest employer in India.

[Board Term-I, Set-C5]WEVD, 2015]

Ans. Primary sector continues to be the largest employer because :

- (i) Enough jobs have not been created by the secondary and Tertiary sector.
- (ii) In the Tertiary sector though the production has risen almost 11 times but employment has grown only 3 times.
- (iii) Not employed anywhere else flock to the primary sector.

$1 \times 3 = 3$

(CBSE Marking Scheme, 2015)

Q. 6. Classify the sectors of economy on the basis of ownership.

[Board Term-I, KVS-2014]

OR

Q. 6. How are the economic activities classified on the basis of ownership? Explain with suitable examples.

[Board Term-I, (59), 2012]

OR

Q. 6. Differentiate between public and private sectors.

[Board Term-I, (74), 2012]

OR

Q. 6. Differentiate between the public and private sectors in an economy with examples.

[Board Term-I, (49), 2012]

Ans. Public Sector :

- (i) The government owns most of the assets and provides all the services.
- (ii) The purpose of the public sector is not first to earn profits. Government raises money through taxes to meet expenses on the services rendered by it.
- (iii) Railways or post office is an example of the public sector.

Private Sector :

- (i) Ownership of assets and delivery of services is in the hands of private individuals or companies.
- (ii) Activities in the private sector are guided by the motive to earn profit. To get such services we have to pay money to these individuals and companies.
- (iii) Tata Iron and Steel Company (TISCO) or Reliance Industries Ltd.(RIL) are examples of private sector.

$1\frac{1}{2} + 1\frac{1}{2} = 3$

(CBSE Marking Scheme, 2012)

Q. 7. What constitutes the unorganised sector in urban areas? Why do workers in this sector need protection? [Board Term-I, Set-E, DDE-2015]

Ans. In the urban areas, unorganised sector comprises workers in small scale industry, casual workers in construction, trade and transport, etc. It also includes street vendors, head load workers, garment makers, rag pickers, etc.

Workers in this sector need protection from over exploitation, differential treatment because of belonging to SC and ST.

3

Q. 8. Explain the problem of underemployment in the service sector in urban areas with examples.

[Board Term-I, (OEQL2HT), 2016-17]

Ans. In the urban areas, there are thousands of casual workers in the service sector who search daily employment. for example. Petty workers painters, street vendors, rickshaw pullers, etc, who are underemployed because they do not have better work opportunities.

(CBSE Marking Scheme, 2016) 3

Q. 9. How does service sector in India provide different kinds of services? Explain.

[Board Term-I, (WQ7FXWC), 2014 (NCERT)]

OR

Q. 9. Explain how does the public sector contribute to the economic development of a nation?

[NCERT] [Board Term-I, (580020, 36), 2011]

Ans. Public sector contributes to the economic development of a nation by the following ways :

- (i) Public sector provides many essential things at a reasonable cost, which private sector cannot provide.
- (ii) The public sector can set up heavy industry which requires a lot of money.
- (iii) The purpose of the Public sector is not to earn money, but to benefit the people.
- (iv) Public sectors are controlled by the government, provides health and educational facilities.

(Any three) $1 \times 3 = 3$

Q. 10. Describe the contribution of three sectors in Indian economy. [Board Term-I, NCT-2014]

Ans. (i) All the three sectors—primary, secondary and tertiary of economy are interdependent.

- (ii) The various production activities in the three sectors produce a very large number of goods and services.
- (iii) The three sectors have a large number of people working in them to produce these goods and services. $1 \times 3 = 3$

A Q. 11. "All of the service sector is not growing equally well in India." Justify the statement with three arguments. [Board Term-I, (H3), 2013]

OR

A Service sector in India employs two types of people. Explain by giving suitable examples.

[Board Term-I, (580021), 2011]

Ans. (i) 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, such as managers, lawyers, accountants, etc.

(ii) At the other end, there are 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 perform these services.

(iii) There is no alternative opportunity for them. Only a part of this sector is growing in importance. $1 \times 3 = 3$

(CBSE Marking Scheme, 2011, 13)

A Q.12. Explain the interdependence of all the three economic sectors giving examples from transportation system. [Board Term-I, (34), 2012]

OR

A How are all the three sectors of the economy interdependent? Explain this interdependence with the help of an example.

[Board Term-I, (48), 2012]

Ans. All the three sectors are highly interdependent on each other :

(i) All that is produced in the primary sector is of no use until it undergoes a change into finished product which is not possible without transportation.

(ii) Secondary sector is the manufacturing sector. To make these products and to sell them in the market, we need transportation.

(iii) For moving from primary to secondary sector and further to the market, requires services of trades at different places and require many other services. For all this we cannot think of working without transportation. $1 \times 3 = 3$

U Q. 13. How would income and employment increase if farmers are provided with loan, irrigation and transportation facilities?

[Board Term-I, (36, 37), 2012]

Ans. (i) Loan provided can be used to construct a well, or to buy better quality of seeds and pesticides.

(ii) Irrigation will help to have a second crop after the first one, even in the absence of monsoon.

(iii) Transportation facility will facilitate taking their produce to the market to sell. $1 \times 3 = 3$

A Q. 14. How is tertiary sector different from other sectors? Give examples.

[Board Term-I, (580022, 29, 37, 45), 2011]

Ans. Tertiary sector is different from other sectors in the following ways :

(i) Primary sector includes all those activities which result in output of natural products.

(ii) Secondary sector includes activities which produce a new product by transforming the shape of a natural product.

(iii) Tertiary activities neither produce any natural product nor transform shape of natural products, it only supports the activities in both sectors. Steel produced in a factory has to move long distance. It can be done by a strong network of tertiary activities. $1 \times 3 = 3$



Long Answer Type Questions

(5 marks each)

U Q. 1. Define tertiary sector. Describe about the different kinds of people employed in this sector in India.

[Board Term-I, (WQ7FXWC), 2014]

Ans. Tertiary Sector : It helps in the development of the primary and secondary sectors. They provide aid or support for the production process.

Different kinds of people employed in this sector because it provides lots of opportunity for job.

(i) At one end there are a limited number of services that employ highly skilled and educated workers.

(ii) At the other end, there are a very large number of workers engaged in services such as small shopkeepers, repair persons, transporters, etc.

$2 + 1\frac{1}{2} + 1\frac{1}{2} = 5$

U Q. 2. Explain why service sector is gaining more importance in the global economy.

[Board Term-I, (CB4QHT1), 2016-17]

[Board Term-I, (74), 2012]

OR

U Explain any five reasons for the growth of service sector in India. [Board Term-I, (H3), 2013]

OR

U Why is tertiary sector becoming the most important sector in India? Given four reasons.

[Board Term-I, (105), 2013, (580026, 45), 2011]

OR

U Evaluate the rising importance of tertiary sector over the years. [Board Term-I, (34), 2012]

OR

U Explain reasons for the rising importance of the Tertiary sector in India. [Board Term-I, (52), 2012]

OR

A How far is it correct to say that in recent past, India has experienced some significant changes in the contribution to GDP by the service sector? Explain. [Board Term-I, (55), 2012]

OR

[A] Why is the Tertiary sector growing so rapidly in India? Explain it with four reasons.

[Board Term-I, (580012, 19, 24, 28, 40, 42), 2011, (B1), 2010]

Ans. Tertiary sector in India has been growing rapidly for a number of reasons :

- (i) In a developing country, the government has to take the responsibility for the provision of basic services for example, hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc.
- (ii) The development of agriculture and industry leads to the development of services such as trade, transport, storage, etc. Greater the development of the primary and secondary sectors, more would be the demand for such services.
- (iii) As income levels rise, certain sections of people start demanding many more services, such as eating out, tourism, shopping, private hospitals; private schools, professional training, etc. This change was quite sharp in cities, especially in big cities.
- (iv) Over the past decade or so, certain new services, such as those based on information and communication technology have become important and essential.
- (v) Government policy of privatisation has also led to growth of this sector.
- (vi) A large number of workers are engaged in services, such as small shopkeepers, repair persons, transport persons, etc.
- (vii) However, the entire sector has not grown. Large numbers of people engaged as construction workers, maid, peons, small shopkeepers, etc., do not find any change in their life. **(Any five)**

1 × 5 = 5

[A] Q. 3. "When a country develops, the contribution of primary sector declines and that of secondary and tertiary sector increases." Analyse the statement.

[Board Term-I, (58), DDE-2014, 2012]

OR

[A] Describe the historical changes that have taken place in the sectors of the economy in the developed countries.

[Board Term-I, (74), 2012] [Board Term-I, 2015]

- Ans. (i)** In the initial stages of development, the primary sector was the most important sector of economic activity. As the methods of farming changed and agriculture sector began to prosper, people began to take up other activities.
- (ii)** New methods of manufacturing were introduced, factories came up and started expanding.
- (iii)** The Secondary sector gradually became the most important in total production and employment.

(iv) With the development of areas like transport and administration, the service sector kept on growing. In the past 100 years, there has been a shift from the secondary to the tertiary sector in developed countries.

(v) The service sector has become the most important in terms of total production and employment. This is the general pattern observed in developed countries. **1 × 5 = 5**
(CBSE Marking Scheme 2012)

[U] Q. 4. What is the significance of secondary sector in Indian economy? How does it help in the economic development of the country?

[Board Term-I, (580011, 23), 2011]

Ans. The significance of secondary sector is that it transforms raw materials into commodities. It is the second largest sector of our country.

Role in Economic development :

- (i)** Secondary sector uses mechanical power and modern use of labour.
- (ii)** It provides employment to a large number of people.
- (iii)** It also helps in creating self-sufficiency in the country. It produces goods for local and international consumers. **2 + 3 = 5**

[U] Q. 5. Explain the importance of the service sector.

[Board Term-I, KVS-2014]

OR

[U] Explain any five features of tertiary sector?

[Board Term-I, (580014, 33), 2011]

Ans. The main features of the tertiary sectors are :

- (i)** This sector helps in the development of the primary and secondary sectors.
- (ii)** The activities related to this sector do not produce key good but they are an aid or a support for the production process.
- (iii)** It also provides essential services that may not directly help in the production of goods such as services of teachers, doctors, barbers, lawyers, etc.
- (iv)** In recent times, certain new services based on information technology etc have become more important.
- (v)** The services which are included in the tertiary sectors are transport, storage, communication, banking, trade, etc. **1 × 5 = 5**

[U] Q. 6. Describe any five provisions of 'National Rural Employment Guarantee' Act 2005.

[Board Term-I, (OEQL2HT), 2016-17]

Ans. Provisions NREGA 2005.

- (i)** 100 days assured employment every year to each rural household.
- (ii)** One-third of the proposed jobs to be reserved for women.
- (iii)** If an applicant is not employed within 15 days, he/she is entitled to a daily unemployment allowance.

- (iv) The governments have to establish Central Employment Guarantee Funds and State Employment Guarantee Funds for the implementation of the scheme.
- (v) The scheme is to be extended to 600 districts.
(CBSE Marking Scheme, 2016) $1 \times 5 = 5$

- (ii) In the tertiary sector, the production of services rose by 11 times but employment in the services rose only by 3 times.
- (iii) More than half of the workers in the country are working in the primary sector producing only one quarter of the goods.
- (iv) Secondary and tertiary sectors produce three fourths of the produce whereas, they only employ half of the country's workers.
- (v) Primary sector has disguised employment whereas workers in secondary and tertiary sectors work overtime.
 $1 \times 5 = 5$
(CBSE Marking Scheme 2012)

Q. 7. 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.

[Board Term-I, (48), 2012]

[Board Term-I, Set-DDE, 2015]

Ans. (i) Industrial output has increased by 8 times but employment in the sector has increased only by 2-5 times.



TOPIC-2

How to Create More Employment?

Quick Review

- Underemployment or Disguised unemployment means more people engaged in a job than needed.
- More employment can be created in a country like India by building more dams and canals to provide water to the farmers, by providing cheap credit facilities and crop insurance, by spending more money on transport and storage, technical training and by providing cheap bank loan at cheaper interests.
- A study conducted by the Planning Commission of India estimates that nearly 20 lakh jobs can be created in the education sector alone.
- In our country, the Central Government made a law implementing the Right to Work in 200 districts and the next ended to an additional 130 districts. It is called National Rural Employment Guarantee Act, 2005 (NREGA, 2005).
- G.D.P. is the sum of the money value of final goods and services produced in each sector during a particular year within domestic territory of a country.
- **The objectives of implementing MGNREGA 2005 were :**
 - To give employment opportunities to the people who live in rural areas.
 - To raise the standard of living of the people.
 - To implement the right to work.

Know the Terms

- **G.D.P. (Gross Domestic Product) :** It is the value of only final goods and services produced within the domestic territory of a country.
- **Unemployment :** When the person is willing to work at the prevailing wage rate but he/she is not getting a job it is called unemployment.
- **Types of Unemployment :**
 - Seasonal unemployment
 - Disguised unemployment
- **Seasonal Unemployment :** The unemployment which generates due to the variation in season is called seasonal unemployment. It is mostly seen in agricultural sector.
- **Disguised Unemployment :** When more people are working than its requirement then it is called disguised unemployment. So, even if we remove few people from the job, the process of production will not be affected, it is also called underemployment.
- **MNREGA :** Mahatma Gandhi National Rural Employment Guarantee Act, 2005. It will provide 100 days assured employment to all needy and unemployed workers. If they are unable to provide employment then they would provide unemployment allowances.

Know the Links

- employmentnews.gov.in/webmake.pdf
- www.isidev.nic.in/pdf/ICSSR_TSP_PPS.pdf
- economictimes.indiatimes.com



Very Short Answer Type Questions

(1 mark each)

U Q. 1. State the meaning of underemployment.
[Board Term-I, (OEQL2HT), 2016-17]

Ans. Are working less than what they are capable of doing. (CBSE Marking Scheme, 2016) 1

A Q. 2. What is another name of underemployment?
[Board Term-I, (CB4QHT1), 2016-17]

Ans. Disguised unemployment.
(CBSE Marking Scheme, 2016) 1

U Q. 3. What do you mean by disguised unemployment?
Ans. More people engaged in a job than needed. 1

U Q. 4. Where is the disguised unemployment found mostly?
[Board Term-I, (NLTM8TU), 2016-17]

Ans. Agriculture sector/casual workers in the service sector. (CBSE Marking Scheme, 2016) 1

U Q. 5. Suggest any one way to solve under-employment situation in rural areas in India.
[Board Term-I, (CB4QHT1), 2016-17]

Ans. (i) Govt. can spend money on development of the infrastructure like

- Bank service
- Construction of canals, roads,
- Credit facility

(ii) Identify, promote and locate industries.
(Any one) 1 (CBSE Marking Scheme, 2016)

A Q. 6. When was Mahatma Gandhi National Rural Employment Guarantee Act implemented?

Ans. 2005. 1

A Q. 7. What does GDP stand for?
[Board Term-I, NCT-2014]

Ans. Gross Domestic Product. 1

A Q. 8. What is GDP (Gross Domestic Product)?
[Board Term-I, (R9UJGYG), NCT-2014]

Ans. It is the value of final goods and services produced within the domestic territory of a country. 1

U Q. 9. In terms of G.D.P., what was the share of tertiary sector in 2003?

Ans. Between 50 to 60%. 1

A Q. 10. Give full form of NREGA.

Ans. National Rural Employment Guarantee Act. 1

A Q. 11. For how many days employment is guaranteed under NREGA 2005?

Ans. 100 days. 1

A Q. 12. The Government of India has implemented the 'Right to Work', in how many districts?

Ans. 330 districts. 1



Short Answer Type Questions

(3 marks each)

U Q. 1. Explain the term 'unemployment'. What is disguised unemployment?
[Board Term-I, NCT-2014]

Ans. (i) **Unemployment** : When a person is willing to work at the prevailing wage rate but fails to get a job, it is called unemployment.

(ii) **Disguised unemployment** : When more people are working than required, it is called disguised unemployment. Even if we remove a few people from the job, the process of production will not be affected. $1\frac{1}{2} + 1\frac{1}{2} = 3$

U Q. 2. Explain the concept of under employment taking example from some non-agricultural field.
[Board Term-I, KVS-2014]

Ans. The under employment can happen in other sectors, for example :

(i) There are thousands of casual workers in the service sector in urban areas who search for daily employment.

(ii) They are employed as pointers, plumbers, repair persons and other doing odd jobs. Many of them don't find work every day.

(iii) 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. $1 \times 3 = 3$

A Q. 3. Explain the ways by which more employment can be created in a country like India.
[Board Term-I, (580020, 23, 31), 2011]

Ans. The ways by which more employment can be created in a country like India are :

(i) If more dams are built and canal water is provided to all the small farmers, a lot of employment can be generated in agriculture sector.

(ii) Providing cheap credit facilities and crop insurance can result in more employment.

- (iii) More money should be spent in transport and storage, because then more people can be employed.
- (iv) The government/banks can provide loan at cheap rates to improve irrigational facilities.
- (v) Technical training, vocational guidance to unemployed youth for self employment.

(Any three) $1 \times 3 = 3$

Q. 4. What is GDP? Explain with example the method of calculating Gross Domestic Product.

[Board Term-I, (3K), 2013, (58), 2012]

OR

Q. Explain the term G.D.P. Why are only 'final goods and services' counted in G.D.P.?

[Board Term-I, (580018, 22, 24, 36), 2011]

Ans. G.D.P. is the sum of the money value of final goods and services produced in each sector during a particular year within domestic territory of a country.

Only final goods and services are counted in G.D.P. because :

- (i) The value of final goods already includes the value of all intermediate goods.
- (ii) To count the value of the flour and wheat separately is therefore not correct because then we would be counting the value of the same things a number of times.

$1+2=3$

Q. 5. Why is NREGA also called the right to work? Explain.

[Board Term-I, (X30T4XE), 2014]

OR

Q. Explain the role of NREGA in creating employment for the people in India.

[Board Term-I, (R9UJGYG), 2014]

OR

A. Why is NREGA also called the "Right to Work"? Mention any three reasons for it.

[Board Term-I, (34), 2012]

OR

A. In your opinion, how far is it correct to say that NREGA 2005 as "Right to Work"?

[Board Term-I, (55), 2012]

Ans. NREGA is also called Right to Work :

- (i) It has been implemented in 200 poorest of the poor districts of India.
- (ii) NREGA guarantees 100 days of assured work to the people who are able and in need of work.
- (iii) If the government fails to provide work, it will provide unemployment allowances to the people.
- (iv) One-third of the jobs are reserved for women.

(Any three) $1 \times 3 = 3$

(CBSE Marking Scheme, 2012)

Q. 6. State the objectives of NREGA 2005.

[Board Term-I, NCT 2014]

OR

Q. Explain the objectives of implementing the MGNREGA 2005.

[Board Term-I, (37, 39), 2012]

OR

Q. Explain the objectives of Mahatma Gandhi National Rural Employment Guarantee Act 2005.

[Board Term-I, (52), 2012]

OR

Q. What has been the role of MGNREGA in creating employment for the people in India?

[Board Term-I, (45), 2012]

Ans. Objectives of implementing MGNREGA 2005 :

- (i) To give employment opportunities to the people who live in rural areas.
- (ii) To raise the standard of living of the people.
- (iii) To implement the right to work.

$1 \times 3 = 3$

(CBSE Marking Scheme, 2012)



Long Answer Type Questions

(5 marks each)

Q. 1. Explain the meaning of disguised unemployment with the help of any two suitable examples.

[Board Term-I, (B1), 2010]

Ans. Disguised unemployment : When the people are working in any field for more than their labour necessity. For example, where the need is for 4 labourers and 7 labourers are working, it means 3 labourers are suffering from disguised unemployment or under-employment. In such a case, the production will not be affected even if the three extra labour do not work.

Examples :

- (i) In rural India, agricultural field is suffering from this type of unemployment. More than half of the workers in the country are working in primary

sector mainly in agricultural activities producing only a quarter of G.D.P.

- (ii) In urban areas, workers like painters, plumbers, repair persons, cart drivers do not find work every day or for the whole day.

$3 + 2 = 5$

Q. 2. Explain measures that can be adopted to remove disguised unemployment in the agriculture sector.

[Board Term-I, (580021, 27), 2011]

Ans. When more people are compelled to do a job which only few can do, then such a situation is termed as disguised unemployment.

- (i) One or two members of farmer's family can work in the farms of big landlord and earn wages.
- (ii) Two or three members of such a family may move to work in a nearby factory and earn more money.

- (iii) More irrigational facilities can be provided to grow two or three crops in a year.
- (iv) By opening processing units of agriculture production, more employment opportunities can be created.
- (v) Technical, vocational training can reduce the unemployment of farmers. $1 \times 5 = 5$

Q. 3. Why is agriculture the most labour absorbing sector in India? How does disguised unemployment make it worse? Explain with an example. [Board Term-I, (R9UJGYG), 2014]

- Ans.** (i) Agriculture is the most labour absorbing sector in India because the secondary and tertiary sectors are still failed to provide more employment opportunities as to a majority of the Indian people, so the people are forced to engage themselves in agriculture.
- (ii) Disguised unemployment is generally found in agriculture sector. People engaged in farming are generally more than required. Though it seems that they are working in the cultivation of land, but actually they are partly employed.
- (iii) *For example*, A farmer who has a land of 3 hectare which require only 2 persons for farming related to work but all the 7 family members are engaged in it. If 5 persons out of them are withdrawn from the job, the total production will not fall. Therefore, 5 persons will come under the category of disguised unemployment. $2 + 3 = 5$

Q. 4. What is GDP? Explain the process to calculate GDP. [Board Term-I, (82), 2012]

- Ans.** (i) Gross Domestic Product or GDP is the value of all final goods and services produced within a country, during a particular year.
- (ii) The sum of production in the three sectors gives us the GDP (primary + secondary + tertiary). The money values of goods and services should be added rather than adding up the actual numbers. The value of final goods alone should be added as the value of intermediate goods is already included in the value of final goods. This mammoth task of measuring GDP is undertaken by the Central Government Ministry.

This organization collects information relating to the total volume of goods and services and their prices and then estimates the GDP. $2 + 3 = 5$

Q. 5. How can we create more employment in secondary and tertiary sectors in rural India? [Board Term-I, (45, 47), 2012]

- Ans.** (i) We can create more jobs in the secondary sector by promoting industries such as dal mills.
- (ii) By promoting cottage and handicraft industries to employ the villagers. By establishing processing of vegetables and fruits units.
- (iii) Government can invest in cold storages.
- (iv) Services like transportation and communication must be promoted to generate employment.
- (v) Building Multi-purpose Projects can create employment.

Q. 6. How can we create more employment opportunities in urban areas? Explain with examples.

[Board Term-I, (72), 2012]

OR

Describe the various ways in which government can create employment opportunities for the people of India. [Board Term-I, (Set-6HTQGTF), 2016-17]

- Ans.** (i) The government can spend some money or banks can provide loans to construct well, etc., which will reduce the dependency of farmers on rains, and they will be able to grow two crops a year.
- (ii) Construction of Dams and Canals can lead to lot of generation of employment in agricultural sector itself.
- (iii) If government invests some money on transportation and storage of crops or makes better rural roads, it can provide productive employment not just to farmers but also to other who are in services like transport or trade.
- (iv) If local banks give credits at reasonable rates to the small and marginal-farmers, they will be able to buy necessary inputs for their crops in time.
- (v) Another way to solve this problem is to identify, promote and locate industries and services in the semi-rural areas where a large number of people may be employed. *Example*, Many farmers grow arhar and chickpea, for them a dal-mill to procure and process these & sell in the cities; opening a cold storage will give an opportunity to the farmers to store their produce like potato, & onion and sell them at good price; villagers near forests can start with honey collection, etc.
- (vi) To improve health situation we need health centres, hospitals & for that doctors, nurses, workers.
- (vii) Similarly to provide education to all children we would need lot of schools which can also generate employment.
- (viii) **Tourism** : Every state or region has the potential for increasing the income and employment for people in that area. This can also be done by promoting tourism or regional craft industry.
- (ix) New services like IT are also creating jobs. All these are the long term projects but government also has certain short term projects for people: NREGA-2005. (Any five) $1 \times 5 = 5$
(CBSE Marking Scheme 2016)

Q. 7. Describe the estimates of Planning Commission to create jobs in tourism and education?

[Board Term-I, (63), 2012]

Ans. Regarding jobs in Schools :

- (i) Planning commission estimates that nearly 20 lakh jobs can be created in education sector alone.

(ii) For more children to attend school, more teachers and more infrastructures will be required.

Regarding jobs in Tourism :

(i) Planning commission estimates that nearly 35 lakh jobs can be created in tourism sector.

(ii) Regional crafts and Cottage industry can also create jobs.

(iii) New services such as IT also are job generators.

2 + 3 = 5



TOPIC-3

Division of Sectors as Organized and Unorganized

Quick Review

- **On the basis of nature of economic activities, there are two types of sector :**
 - Organized,
 - Unorganized
- Workers in the organized sector enjoy security of employment. They are expected to work only a fixed number of hours.
- The unorganized sector is characterised by small and scattered units which are largely outside the control of the government. Jobs here are low-paid and often not regular.
- In the urban areas, unorganized sector comprises mainly of workers in small-scale industry, casual workers in construction, trade and transport, etc.
- In an unorganized sector, jobs are not secure, workers are not paid a fair wage and earnings are low and are exploited. Thus, there is a need to protect and support the workers.
- In our country, majority of workers from scheduled castes, tribes and backward communities are working in the unorganized sector.
- **On the basis of ownership, economic activities can be classified into two sectors :**
 - Public Sector,
 - Private Sector
- In the public sector, the government owns most of the assets and provides all the services, e.g. Railways or post office.
- In the 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 Limited (TISCO) or Reliance Industries Limited (RIL).
- There are large numbers of activities which are the primary responsibility of the government. The government must spend on these activities.
- In India nearly half of the children are malnourished and quarters of them are critically ill.
- Government needs to pay attention on availability of safe drinking water, housing facilities for poor, food and nutrition, etc.
- Running proper schools and providing quality education, particularly elementary education, is the duty of the government.

Know the Terms

- **Organized sector :** People have assured work and terms of employment are regular. Rules and regulations given in various laws are registered by the government.
- **Unorganized sector :** It consists of small and scattered units which are not in the control of the government. It has low pay and unsecured jobs.

Know the Links

- www.slideshare.net/.../unorganzied-sector-in-india
- keydifferences.com/difference-between-organised-and.



Very Short Answer Type Questions

(1 mark each)

Q. 1. Who has the ownership of the assets in the public sector?

Ans. Government. 1

Q. 2. How does public sector help in the development of a country? [Board Term-I, 2015]

Ans. Public sector invests in key and basic industries as health, education, defence where private sector cannot invest. 1
[CBSE Marking Scheme, 2015]

Q. 3. "What is the intention of the government in raising money through taxes?" [Board Term-I, Set-E, DDE-2015]

Ans. Government raises money through taxes and other ways to meet expenses on the services rendered by it. 1

Q. 4. What does comprise the unorganized sector in rural areas? [Board Term-I, Set-XOKG2SB, 2015]

Ans. Agriculture. 1



Short Answer Type Questions

(3 marks each)

Q. 1. Why is there an urgent need to protect workers in the unorganized sector? Explain.

[Board Term-I, (CB4QHT1), 2016-17]

Ans. (i) They are paid low salaries.
(ii) Their jobs are not secure.
(iii) They have no retirement and medical benefits.
(iv) They are often exploited. (Any three) $1 \times 3 = 3$
(CBSE Marking Scheme, 2016)

Q. 2. What are the differences in the employment conditions between organized and unorganized sectors of the economy?

OR

In what three ways is organized sector better than unorganized sector? Explain.

Ans. Organized sector :

- Workers in the organized sector enjoy security of employment.
- Workers get several benefits from the employers like paid leave, provident fund, gratuity, etc.
- Workers work for a fixed number of hours. If they work more, they have to be paid overtime by the employer.

Unorganized sector :

- Employment is subject to high degree of insecurity.
- There is no provision for paid leave, holidays, etc.
- Workers get less wages and there is no provision for overtime payment. $1\frac{1}{2} + 1\frac{1}{2} = 3$

Q. 3. Why do people prefer to work in an organized sector? Explain.

[Board Term-I, Set-6AP67LB, 2015]

Ans. Advantages of organized sector :

- People enjoy security of employment.
- Work for fixed hours.
- If they work more, they get overtime allowances.
- Paid leaves, payment during holidays, medical benefits, safe working environment and pension after retirement. (Any three) $1 \times 3 = 3$

(CBSE Marking Scheme, 2015)

Q. 4. How can the workers in the unorganized sector be protected? Explain.

[Board Term-I, (580012, 28, 33, 38), 2011]

Ans. In the unorganized sector, mostly landless agricultural labourers, small and marginal farmers, share croppers and artisans are included. These workers can be protected by the following ways:

- Farmers need to be supported through adequate facility for timely delivery of seeds, agriculture inputs, credit, storage and marketing outlets.
- In urban areas, casual workers need government's support for procuring raw material.
- Small scale industries also need support for procuring raw material and marketing of the goods. $1 \times 3 = 3$

Q. 5. Why is agriculture an activity of unorganized sector in India? Explain. [Board Term-I, (38), 2012]

OR

Agriculture is an unorganized sector in India. Do you agree with this statement? Justify your answer with suitable examples.

[Board Term-I, (40), 2012]

Ans. In agricultural activities, people are exploited like landless labourers.

- Their income level is low.
- There is no job security.
- Agriculture is seasonal in nature and there is no fixed pay.
- No other benefits such as pension, medical facility, paid leave, Provident Fund, safe environment, etc., are available.

(Any three) $1 \times 3 = 3$

(CBSE Marking Scheme, 2012)

Long Answer Type Questions

(5 marks each)

A Q. 1. "Workers are not exploited in organised sector". Do you agree with the statement? Explain reasons in support of your answer.

[Board Term-I, (38), 2012]

OR

A What is unorganized sector? Describe the working procedure of this sector.

[Board Term-I Outside Delhi 2008]

OR

A Workers are exploited in an unorganized sector. Do you agree with this statement? Justify your answer with five relevant points.

[Board Term-I, (39, 40), 2012]

OR

A Define the term 'Unorganized Sector'. Mention any six disadvantages of working in this sector.

[Board Term-I, (70), 2012]

Ans. Unorganized Sector : Unorganized sector is a sector which has small and scattered units largely outside the control of the government.

Yes, workers are exploited in the unorganized sector. Reasons are as follows :

- (i) There are no rules and regulations followed.
- (ii) Jobs are low paid and often not regular.
- (iii) No provision of overtime is there and no paid holidays or leave is given.
- (iv) Employment is not secure. People can be asked to leave without reason.
- (v) Some kind of work is seasonal in nature and temporary workers are employed. They become unemployed after the season is over.
- (vi) No other facilities like Provident Fund, Gratuity or sick leave are given.
- (vii) Working conditions are often poor. No allowances are given.
- (viii) No medical benefit is given.

(Any four) $1 + 4 = 5$
(CBSE Marking Scheme 2012)

A Q. 2. Explain the meaning of disguised unemployment with the help of any two suitable examples.

[Board Term-I, (B1), 2010]

Ans. Disguised unemployment : When the people are working in any field for more than their labour necessity. For example, where the need is for 4 labourers and 7 labourers are working, it means 3 labourers are suffering from disguised unemployment or under-employment. In such a case, the production will not be affected even if the three extra labours do not work.

Examples :

- (i) In rural India, agricultural sector is suffering from this type of unemployment. More than half of the workers in the country are working in primary sector mainly in agricultural activities producing only a quarter of G.D.P.

- (ii) In urban areas, workers like painters, plumbers, repair persons, cart drivers do not find work every day or for the whole day. 5

U Q. 3. Differentiate between organised and unorganized sector. [Board Term-I, NCT-2014]

OR

U Compare the employment conditions prevailing in the organized and the unorganized sector?

[Board Term-I, DDE-2015, Set-E]

[Board Term-I, Set-C5]WEVD, 2015]

Ans. Organized Sector :

- (i) It is the one where the terms of employment are regular and people have assured work.
- (ii) 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.
- (iii) It is called organized because it has some process and procedures.
- (iv) Workers in the organized sector enjoy security of employment. They are expected to work only a fix number of hours. If they work more, they have to be paid overtime by the employer.
- (v) They also get several other benefits from the employers like paid leave, payment during holidays, provident fund, pensions, gratuity, medical benefits, etc.

Unorganized Sector :

- (i) These are 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) Jobs here are low-paid and often not regular.
- (iv) Employment is not secure as people can be asked to leave without any reason.
- (v) There is no provision for overtime, paid leave, holidays, leave due to sickness, etc.

Examples :

- (i) In a developing country, the government has to take the responsibility for the provision of basic services for example, hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc.
- (ii) The development of agriculture and industry leads to the development of services such as trade, transport, storage, etc. Greater the development of the primary and secondary sectors, more would be the demand for such services.
- (iii) As income levels rise, certain sections of people start demanding many more services, such as eating out, tourism, shopping, private hospitals; private schools, professional training, etc. This change was quite sharp in cities, especially in big cities.

- (iv) Over the past decade or so, certain new services, such as those based on information and communication technology have become important and essential.
- (v) Government policy of Privatisation has also led to growth of this sector.
- (vi) A large number of workers are engaged in services,

such as small shopkeepers, repair persons, transport persons, etc.

- (vii) However, the entire sector has not grown. Large numbers of people engaged as construction workers, maid, peons, small shopkeepers, etc., do not find any change in their life.

(Any five) $1 \times 5 = 5$



High Order Thinking Skills (HOTS) Questions

Q. 1. How are the three sectors of the economy different from each other? Explain.

[Board Term-I, 2016-17 (NLTM8TU)]

Ans. Primary Sector : Activities undertaken by using natural resources, e.g., forestry, agriculture, fishing, etc.

Secondary Sector : Activities includes various manufacturing activities and adds utility to primary sector, e.g., Cotton-cloths, iron ore-Steel, etc.

Tertiary Sector : Includes all such activities which supports primary and secondary sector by providing services, e.g., transportation, etc.

(CBSE Marking Scheme, 2016) 5

Q.2. How far is it correct to say that several services which cannot be provided by private sector can be provided by the public sector? Explain.

[Board Term-I, (H3), 2013, (60), 2012]

OR

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

[Board Term-I, (35), 2012]

OR

Identify any five activities where the government must spend for the welfare of the people and why?

[Board Term-I, (56), 2012]

Ans. Society needs many things as a whole which the private sector is not able to provide at a reasonable cost.

The reasons are as follows :

- (i) Some of them need spending large sums of money which is beyond the capacity of the private sector.
- (ii) The private sector charges are very high whereas the government will charge reasonably.
- (iii) Without government’s encouragement and help, the private sector can’t enter into such services.

Areas where the government must spend for the welfare of the people are :

- (i) Providing health and education facilities by building proper schools.
- (ii) Providing proper food to tackle the problem of malnourishment.
- (iii) Government also needs to pay attention to the aspects of human development such as safe drinking water, housing, and taking care of the poorest.

- (iv) Safe drinking water must be made available to all.
- (v) Housing facilities must be provided to the homeless.

- (vi) It is the duty of the Government to take care of ignored and backward regions of the country to bring balanced growth, development in the entire country.

$1 \times 5 = 5$

(CBSE Marking Scheme, 2013)

Q. 3. “The declining share of agriculture in the Gross Domestic Product (G.D.P) is a matter of serious concern in India”. Support the statement with any five reasons.[Board Term-I, (NLTM8TU), 2016-17]

Ans. (i) Indian farmers are facing challenge from international competition.

(ii) Government is reducing investment in agricultural sector, especially irrigation sector.

(iii) Subsidy in fertilizers has decreased, leading to a rise in cost of production.

(iv) Reduction in import duties on agricultural products.

(v) Farmers are withdrawing their investment from agriculture causing a downfall in the employment in agriculture.

(CBSE Marking Scheme, 2016) 5

Q. 4. “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 this statement.

[Board Term-I, (C2), 2010]

Ans. Agriculture is the backbone of the Indian economy because :

(i) In India, about 63% people were engaged in agriculture sector in 2001.

(ii) Share in GDP was more than 40% in 1973.

(iii) Raw materials for secondary sectors are mostly supplied by agriculture.

But now, the share of agriculture is declining in the GDP year by year. So, it is a matter of serious concern for all.

(iv) Share of agriculture in the G.D.P. has declined from 44% to 24% during 1973 to 2003.

(v) The primary sector continues to be the largest employer even in 2000 but the production has not increased by this rate.

$1 \times 5 = 5$



Value Based Questions

Q. 1. Describe the provisions of “National Rural Employment Guarantee Act”, 2005.

[Board Term-I, (68) 2012]

Ans. Provisions of NREGA 2005 are :

- (i) It provides 100 days assured employment every year to each rural household.
- (ii) One-third of the proposed jobs are reserved for women.
- (iii) If an applicant is not employed within 15 days he/she is entitled to a daily unemployment allowance.
- (iv) The governments have to establish Central Employment Guarantee Funds and State Employment Guarantee Funds for the implementation of the scheme.
- (v) The scheme is to be extended to 600 districts

(Any three) $1 \times 3 = 3$

(CBSE Marking Scheme 2012)

Q. 2. How to create more employment in rural areas? Explain with the help of five suitable examples.

[Board Term-I, (33), 2012]

OR

How can more employment opportunities be created in the rural areas?

[Board Term-I, (580016, 32, 35, 44), 2011, (C1), 2010]

Ans. (i) Government can spend money or banks can provide loan for irrigation.

(ii) Suppose one hectare of wheat can provide employment to the people for 50 days. So, the number of members can be increased.

Examples :

(i) Construction of new dams and canals. Constructing dams, canals or digging wells in villages. On one hand, this would serve the needs of farmers for irrigation and on the other, people engaged in such construction activity would gain employment.

(ii) Development in transport facility by government and creating storage facilities in rural areas.

(iii) Credit from local banks, so that crops can be grown every year.

(iv) Agro-based industries can be set up in rural areas or semi-rural belts.

(v) Making provisions for education and health services in rural belts can also result in employments.

(Any three) $1 \times 3 = 3$

(CBSE Marking Scheme 2012)

