

# St. Andrews Scots Sr. Sec. School

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Class: X      Subject: Economics      Topic: Sectors Of the Indian Economy      ChapterNo:2

**Q.1. Explain the difference between primary, secondary and tertiary sectors.**

**Ans.**

1. **Primary Sector :-** When we produce a good by exploiting natural resources, it is an activity of the primary sector. It forms the base for all other products. Since most of natural products we get are from agriculture, dairy, fishing, forestry, this sector is also called agriculture and related sector.
2. **Secondary sector :-** This Sector covers activities in which natural products are changed into other forms through manufacturing. For Example we get sugar from sugarcane, paper from wood. Since this sector is associated with different kinds of industries, it is also called industrial sector.
3. **Tertiary Sector :-** These are activities that help in the development of the primary and secondary sectors. These activities do not by themselves produce any goods, but they support the production process. For example goods that are produced in the primary and secondary sector need to be transported by trucks or trains, then sold in markets. We also need to borrow money from banks to help in production and trade. Since these activities give service rather than goods, the tertiary sector is also called the service sector.

**Q.2. What essential services are included in the service sector?**

**Ans.** Services sector includes some essential services that may not directly help in the production of goods. For example we require teachers, doctors, and those who provide personal services such as washer men, barbers, cobblers, lawyers, and people to do administrative and accounting works. Some new services based on IT such as internet cafes, ATM booths, call centers, software companies etc have become important.



**Q.3. How do we count the various goods and services and know the total production in each sector? OR “Final goods and services are considered and not intermediate goods for estimation of GDP” Explain.**

**Ans.** In calculating the size of production in each sector we take account only the final goods and services produced. The value of final goods already includes the value of all the intermediate goods that are used in making the final good. For example a farmer sells wheat to a flour mill for Rs. 8 per kg. The mill grinds the wheat and sells the flour to a biscuit company for Rs. 10 per kg. The biscuit company uses flour and other things such as sugar and oil to make 4 packets of biscuits and sells the biscuits for Rs. 60 (Rs 15 per packet). Biscuits are the final goods that reach the consumers.

**Q.4. Define GDP.**

**Ans.** 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 of the 3 sectors is the Gross Domestic Product (GDP). It is the value of the final goods and services how big the economy is. In India, measuring of GDP is done by a central government ministry, with the help of various government departments of all states.

**Q.5. What does the history of developed countries indicate about the shifts that have taken place between sectors?**

**Ans.**

1. Initially, the primary sector was the most important sector of economic activity.
2. As the methods of farming changed and agriculture began to prosper, it produced much more food than before. Many people could now take up other activities.
3. Those people who had earlier worked on farms, now began to work in factories. Secondary sector became the most important in total production and employment.
4. In the past 100 years, there has been a further shift from secondary to tertiary sector in developed countries. Most of the working people are also employed in the tertiary sector.



**Q.6. Explain the reasons behind the growing importance of the tertiary sector in India OR Why has the tertiary sector become the largest producer in India over the last 30 yrs?**

**Ans.**

1. Setting up of hospitals, education institutions, post offices, police stations, courts, transport, banks, etc. These are basic services.
2. The development of agriculture and industry leads to the development of transport, storage, etc.
3. As income level rises, certain sections of people start demanding many more services like eating out, tourism, private hospitals, private schools, etc.
4. Setting up of new services such as those based on information and communication technology

**Q.7. “Service sector in India employs 2 different kinds of people” Who are these? Why isn’t the entire tertiary sector gaining importance?**

**Ans.** Service sector in India employs 2 different kinds of people :-

1. At one end there are a limited number of services that employ highly skilled and educated workers.
2. At the end, there are a very large number of workers engaged in services such as small shopkeepers, repairpersons, transport persons, etc. These people barely manage to earn a living and yet they perform these services because no alternatives opportunities for work are available to them.

This is why only a part of the tertiary sector is gaining importance.

**Q.8. Compare and contrast the changes that have taken place in the share of different sectors in India’s GDP with developed countries. Why didn’t a similar change occur in the primary sector in India?**

**Ans.** Just like in the developed, in India too, the relative share of agriculture in GDP fell, and the share of both, secondary and tertiary, increased. But in India, while there has been a change in the 3 sectors in GDP, a similar shift has not taken place in employment. Compared to developed countries, this shift has been very slow. The primary sector continues to be the largest employer. It is because enough jobs were not created in the secondary and tertiary sectors.



**Q.9. Define underemployment. Why should we be worried about it?**

**Ans.** Underemployment is a situation when a worker is able to work only below his ability and capacity.

We need to be worried about it because it is only after every worker gets a job, that his income will rise, and so will the national income, and poverty will decline.

**Q.10. Define disguised unemployment. Why is underemployment also called disguised employment?**

**Ans.** Disguised unemployment is when more people are working a job, than required. If they withdraw, production will not be effected. Example in Agriculture there are more people than is necessary. So, even if you move a few people out, production will no be effected. In other words, workers in agriculture sector, are underemployed. This kind of underemployment is hidden in contrast to someone who does not have a job and is clearly visible as unemployed. So it is called underemployment.

**Q.11. How can more opportunities for employment be created in rural and semi rural areas? Ans.**

1. Construction of dams and canals could lead to a lot of employment within the agricultural sector.
2. Building of roads, store houses, will not only give employment, but extra income to farmers also.
3. If farmers are provided loans at low rate of interest, they will be in a position to buy seeds, fertilizers, etc. A prosperous agriculture will create more employment opportunities.
4. Promoting and locating industries and services for eg setting up a dal mill to procure and process these and sell in the cities. In villages, near forest areas, honey collection centres can be started, where farmers can sell wild honey.
5. Construction of school buildings and health centres will give jobs to teachers and other staff, and to nurses, doctors, health workers also.
6. Promotion of tourism, or regional craft industry, or new services like IT, can provide employment and income to people in that area. If tourism, as a sector is improved every year 35 lakh people can get employment.



**Q.12. Why do you think MGNREGA 2005 is referred to as “Right-to-work”? Ans.**

1. The central Government in India recently made a law implementing the Right to Work in 625 districts of India, which is called Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005).
2. Under this Act, all those who are able to, and are in need of work, have been guaranteed 100 days of employment in a year by the government.
3. If the government fails in its duty to provide employment, it will give unemployment allowances to the people.
4. The type of work which would in future help to increase the production from land, will be given preference under the Act.

**Q.13. How would income and employment increase if farmers were provided with irrigation and marketing facilities?**

**Ans.**

1. Construction of dams, canals, markets buildings, would give direct employment.
2. Irrigation facilities will allow farmers to grow more than 2 crops in a year from the same land, so income will increase.
3. Better marketing facilities will allow farmers to get a better price for their produce, so income will go up.
4. When income increases, farmers will buy better seeds, fertilizers, etc. This will improve the agricultural productivity, which in turn will increase employment and income.

**Q.14. In what ways an employment be increased in urban areas.**

**Ans.**

1. Rapid industrialization will create massive employment opportunities.
2. Special emphasis should be put on small industries.
3. Training in industrial skills should be provided, as a trained person will find a job in the industrial sector.
4. Vocational education and IT sector should be promoted.



**Q.15. Classify sectors on the basis of nature of employment. OR How are the activities in the economy classified on the basis of employment conditions?**

**Ans.**

1. **Organized Sector :-** This covers those places of work where the terms of employment are regular and so there is job security. They are registered by the government, and have to follow its rules and regulations which are given in various laws example Factories Act, Minimum Wages Act, etc. Workers enjoy many benefits such as security of employment, work only a fixed number of hours, if they work more, they have to be paid over time by the employer, get paid leave, payment during holidays, provident fund, gratuity, facilities like drinking water, a safe working environment and pension when they retire.
2. **Unorganised Sector :-** They are small and scattered units which are outside the control of the government. There are rules and regulations, but these are not followed. Jobs are low paid and often not regular. There is no provision for overtime, paid leave, holidays, leave due to sickness, etc. 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 can be asked to leave.

**Q.16. How can the government protect the workers in the unorganized sector?**

**Ans.**

1. **In rural areas :-** Here the people in unorganized sector are mostly landless agricultural labourers, small and marginal farmers, sharecroppers, weavers, black smiths, etc. These farmers need to be supported through adequate facility of seeds, agricultural inputs, credit, storage facilities and markets.
2. **In urban areas :-** Here the people in unorganized sector are mostly workers in small scale industry, casual workers in construction, trade and transport, etc and those who work as street vendors, head load workers, rag pickers, etc. They need the government's support for procuring raw material and marketing of output and other concessions.



**Q.17. Classify sectors in terms of ownership.**

**Ans.**

1. **Public Sector :-** The government owns most of the assets and provides all the services. The purpose is not just to earn profits but also public welfare. Example Railways, Post office.
2. **Private Sector :-** Ownership of assets and delivery of services is in the hands of private individuals or companies. The motive is to earn profits. Example Tata Iron and Steel Company, Reliance Industries Limited.

**Q.18. Give a few example of public sector activities. Explain why the government has taken them up.**

**Ans.** Some example of public sector activities are Indian Railways, Power generation, Atomic Energy, National Defence, Airlines and Shipping, providing health and education, etc. There are many things needed by society which the private sector will not provide at a reasonable cost because:-

1. Some of these things need spending large sums of money, which is beyond the capacity of the private sector.
2. Collecting money from thousands of people who use these facilities is not easy.
3. Even if they do provide these things, they would charge a high rate for these things. Example construction of bridges, railways, harbors, generating electricity, etc. So the government takes up these activities.

**Q.19. Show through example some activities which the government must support for the development of the nation. OR How does the public sector contribute to the economic development of the country?**

**Ans.** There are some activities which the government must support example :-

1. Selling electricity at the cost of generation may push up the costs of production of industries. Many small scale units may have to close down. The government steps in by producing and supplying electricity at rates which these industries can afford.
2. The government buys wheat and rice from farmers at air price. This it stores in godowns and sells at a lower price to consumers through ration shops. In this way the government supports both farmers and consumers.
3. Providing health and quality education, particularly elementary education, is the duty of the government.



**Q.20. Is the classification of economic activities in primary, secondary and tertiary useful?**

**Ans.** Yes it is useful because:-

1. We need not look at the whole economy as one unit. We have 3 groups to focus upon.
2. We can easily find out the contribution of each sector to the growth process.
3. The change in the share of each shows the level of development.
4. We can easily identify problems faced by each in the process of growth.

**Q.21. For each of the sectors, why is the focus more upon employment and GDP? Could there be other issues which should be examined?**

**Ans.** Employment and income are important because they determine the standard of living of people. Other issues are production level of each sector, how efficiently are the resources being used and the distribution of income.

**Q.22. How does the tertiary sector help in the development of primary and secondary sectors?**

**Ans.**

1. Goods produced in primary and secondary are transported by trucks, trains, etc to wholesale and retail shops.
2. Sometimes the products are stored in godowns.
3. Communication services provide services to talk over long distances.
4. Banks provide loans for expansion to trade and production.
5. Insurance companies provide insurance against damages to the product.

