

Chapter-2

Sectors of the Indian Economy

1 marks Questions

1. During the period between 1973 to 2003, the production has increased most in the

- (a) primary sector
- (b) secondary sector
- (c) tertiary sector
- (d) all the three sectors

Ans. (c) tertiary sector

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

- (a) All goods & services
- (b) All final goods & services
- (c) All intermediate goods & services
- (d) All intermediate & final goods and services

Ans. b) All final goods & services

3. The sectors are classified into public and private sectors on the basis of

- (a) Employment conditions
- (b) The nature of economic activity
- (c) Ownership of enterprises

(d) Number of workers employed in the enterprises

Ans. (c) Ownership of enterprises

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

(a) 100

(b) 120

(c) 150

(d) 90

Ans. (a) 100

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

(a) TISCO

(b) RIL

(c) Indian Railway

(d) WIPRO

Ans. (c) Indian Railway

6. Which was the largest producing sector in 1973?

(a) Primary sector

(b) Secondary sector

(c) Tertiary sector

(d) Public sector

Ans. (a) Primary sector

7. Name two sectors of the Indian economy?

Ans. Private sectors and public sector

8. Agriculture comes under which category?

Ans. Primary Activity

9. What is GDP?

Ans. GDP is Gross domestic Product. It is the value of final goods and services produced within a year.

10. Define Unemployment?

Ans. Unemployment is the situation in which a person is competent and willing to work but does not get any work.

11. Name the sector where more of the people of India employed?

Ans. Primary Sector.

12. Who under takes the task of measuring GDP?

Ans. Central Government of India

13. Which activities fall under primary activity?

Ans. Agriculture, Fishing, Poultry farming and Dairy farming.

14. What is the new name of NREGA?

Ans. Mahatma Gandhi National Rural Employment Guarantee Act.

15. What are the goods known as which are used as raw materials for further



production of goods?

Ans. Intermediate Goods.

16. Give one measure which can help in generating more employment in our agricultural sector.

Ans. Increase in irrigation and marketing facilities.

17. What are the criteria for the classification of economic activities?

Ans. 1. Nature of economic activities

2. Ownership of assets

3. Term of employment

18. Name the sector into which an economy is classified on the basis of the nature of economic activities.

Ans. Primary sector, secondary sector and tertiary sector

19. What are the main sectors into which Indian economy is classified on the basis of ownership?

Ans. Private sector and Public Sector

20. What are natural products?

Ans. The products produced mainly with the help of natural resources are termed as natural products.

21. What is the direction of change in the importance of different sectors in regard to GDP in India?

Ans. The percentage share of primary sector in India's GDP has fallen whereas the



percentage share of secondary and tertiary sectors has risen.

22. Why do the agriculture and allied activities still happen to be the major source of employment?

Ans. Because the Governments could not create enough jobs in the secondary and tertiary sectors of our economy.

23. Fishing is a primary activity. Give reason.

Ans. Fishing is a primary activity because we deal with natural resources that are fishes.

24. Why tertiary sector is also termed as service sector?

Ans. Tertiary sector is termed as service sector because tertiary sector provides support service to primary sectors and secondary sectors.

25. What is Right to work?

Ans. Right to work is right according to which all those who are ready to work at prevailing wages are given work by the government.

26. Sahara Airlines and Bajaj Motors Ltd are examples of which sector?

Ans. Private Sector.

27. What is the differences between public and private sectors?

Ans.

Public Sector	Private Sector
(i) The government owns most of the assets and provides all the services.	(i) Ownership of assets and delivery of services is in the hands of private individuals or companies.
(ii) The purpose of the public sector is not just	



to earn profit, but also to raise the welfare of the economy.	(ii) Activities in the private sector are guided by the motive to earn profit.
(iii) Railways or post office is an example of the public sector.	(iii) Tata Iron and Steel Company Limited or Reliance Industries Limited are privately owned.

28. 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.

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

(c) 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.

3 marks Questions

1. 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:

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

(b) 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.

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

2. 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-

(i) This sector comprises the poorest section of society in majority

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

3. What is meant by secondary sector? Explain it by giving examples.

Ans. 1. Secondary sector covers the activities in which natural products are changed into



other forms through the ways of manufacturing that we associate with industrial activity.

2. The product is produced by a process of manufacturing in a factory, a workshop or at home.

3. For example, using cotton fiber from the plant, we spin yarn and weave cloth. This sector also called an industrial sector.

4. What do you understand by the term under employment?

Ans. 1. More than half of the workers in country are working in agriculture, producing only a quarter of the GDP.

2. In other words, workers in agricultural sector are underemployed. Each one is doing some work but no one is fully employed.

3. This kind of underemployment is hidden in contrast to someone who does not have a job and is clearly visible as unemployed. It is called disguised unemployment also.

5. What is the criterion to classify an economic activity as secondary sector activity? Explain.

Ans. 1. The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that we associate with industrial activity.

2. The product is not produced by nature but has to be made by some process of manufacturing.

3. This could be in a factory, a workshop or at home. For example, using sugar canes as raw material we make sugar.

6. What is the criterion to classify an economic activity as tertiary sector activity? Explain..

Ans. 1. The tertiary activities help in the development of the primary and secondary sectors.

2. These activities do not produce anything but they provide an aid or support for the process



of production.

3. Transport and communication are the examples of tertiary sectors.

7. Describe the role of the state in providing basic services in developing countries.

Ans. 1. There are a large number of activities which are the primary responsibilities of the government.

2. They include providing health, education facilities, like, quality education particularly elementary education.

3. Government also pays attention to various aspects of human development such as safe drinking water, housing facilities, food and nutrition for the poor people.

4. Government also provides basic services like hospital facilities, transport and communication services at affordable prices.

8. Why is underemployment seen as a major problem in India? Explain.

Ans. 1. The problem of underemployment or disguised employment is very high in the agricultural sector.

2. As per the requirement, more people are engaged in the agricultural sector. This is a major hurdle in the formation of human capital.

3. Due to this the economic growth rate of the country is very slow.

4. People are not ready to invest in other sectors of economy like secondary sector and tertiary sectors.

9. Why is working in an unorganized sector not considered secure?

Ans. 1. Working in unorganized sector is not considered secured because unorganized sectors are not registered by the government and remain outside the control of the government.



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2. These are small and scattered units.
 3. They don't follow rules and regulations prescribed by the government.
 4. Jobs in these sectors are not regular, even salaries are very less.
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10. On the basis of table given below, answer the following question:

Share of primary sector in GDP and Employment

	1973	2003
Share in GDP	11,000 (45%)	50,000(22%)
Share in employment	72%	61%

A. What changes do you observe in the primary sector in the field of employment?

B. What are the reasons for these changes? Explain.

Ans. A. The share of employment has decreased by 11 percent.

B. The Primary sector continues to be the largest employer in India. There are not enough jobs created by secondary sector and tertiary sector. The sector and secondary and tertiary sectors share in the production is 75% but they employ lesser number of people.

11. In what ways is the classification of economic activities into primary sector, secondary sector and tertiary sector useful? Explain.

Ans. 1. Primary sector produces goods by exploiting natural resources. It includes agriculture, fishing and dairy farming.

2. In the secondary sector natural products are changed into other forms through the way of manufacturing. It is also known as industrial sector.

3. The tertiary sector activities are done by themselves, do not produce goods but they support the product process. It is also known as service sector.



12. Do you think underemployment can happen only in agriculture sector? Explain.

Ans. No, underemployment can happen in all the three sectors of the economy. It is found that it is widespread in agriculture sector only. However there are so many workers in the different sectors in urban areas like plumber, carpenters, and painters etc, who do not find jobs every day. They have to wait for so many days to get a work only for ten to twenty days. Thousand of casual workers in the service sector in urban areas search for daily employment and many don't find work every day.

13. Explain the role of implementing the NERGA 2005.

Ans. NAREGA is National Rural Employment Guarantee Act 2005.

1. 100 days work guarantee in year by the government.
 2. If government fails in its duty to provide employment, it will give unemployment allowance.
 3. Different type of work is given to the people in the rural areas.
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14. Name the different types of unemployment found in India.

Ans. 1. Disguised unemployment.

2. Seasonal employment.

3. Structural employment.

4. Cyclical employment.

5. Technological employment.

15. How can more employment be created in rural areas? Suggest some measures.

Ans. Following are some ways by which we can create more employment:

1. By constructing check dams, canals or digging wells in villages.
2. By providing irrigation facilities to the farmers.



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3. By providing transport facilities and creating storage facilities.
 4. Agro based industries can be set up in rural areas or in semi arid belts.
 5. Construction of more and for educational institutions.
 6. By promoting rural crafts and rural tourism
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16. What are basic services? Who takes responsibilities for these services in the developing countries?

Ans. 1. In any country several services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, banks, defense, transport, insurance companies are required.

2. These services are called basic services.

3. In the developing countries the government has to take the responsibility for provision of these activities.

17. How are the three sectors of economy interdependent?

Ans. 1. There are many activities that are undertaken by directly using natural resources. When we produce a good by exploiting natural resources, it is an activity of primary sector.

2. The secondary sector covers activity in which the natural products are changed into other forms through ways of manufacturing that we associate with industrial activity. It is the next step after primary. For example by using sugarcane as a raw material we make sugar.

3. The third category of activities falls under tertiary sector. These activities help in the development of the primary sector and secondary sectors. These activities, by themselves, do not produce goods but they are an aid or a support for the production process. For example transport and communication.

18. What is the importance of employment?

Ans. 1. Employment is an activity with great importance in the economy of any country.



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2. Its importance lies in poverty eradication as well as for raising the levels of living of the common man.
 3. It is responsible for increasing for increasing of the national income.
 4. It solves lots of social and cultural problems in addition to the economic problems.
 5. Influence media into giving more attention to these issues.
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19. Workers in the unorganized sector work hard, but earn very little. Give reasons. What problems they face there? Think why they are forced to work in this sector.

Ans. 1. The unorganized sector consists of small and scattered units which are largely outside the control of the government.

2. These units are owned by private individuals. Their aim is to maximize profit. The wages are very low and there is no provision for overtime, paid leave etc. Here workers have to face social discrimination also besides getting irregular and insecure employment.

3. But they continue to do work in this sector because they do not have better option.

20. Do you think the public sector contributes to economic development of a nation? Explain.

Ans. Yes, the public sector contributes to economic development of a nation by providing several facilities and working opportunities to the society at a reasonable costs which the private sector cannot provide. Public sector spends larger sums of money on construction of railways, roads, bridge, generating electricity, irrigation facilities by setting dams etc, which are beyond the capacity of the private sector. It also encourages private enterprises, farmers and consumers through subsidies and support prices. It also contributes to economic development of a nation by providing education and health facilities to general public.

21. Workers in the unorganized sector also face social discrimination. Do you agree? Give reasons.

Ans. 1. Workers in the unorganized sector both in rural areas and urban areas are exploited



economically.

2. But workers belonging to the Scheduled Castes, Scheduled Tribes, Backward Communities, work in large numbers in the unorganized sector. They had had not only to suffer from economic exploitation but also from social discrimination. Many a times they are not allowed to draw water from the wells and sometimes they are not allowed to dine with the people of other castes.

3. For the full development of their personality and better development, all the injustice done to them must be removed so that they can lead a life of respect and can contribute to the national development.

22. Why is it necessary to give protection and support to unorganized sector workers? Explain.

Ans. 1. The employers in the unorganized sector refuse to follow laws that protect the laborers. There is a great need of protecting them from exploitation.

2. The workers in the unorganized sector are not paid a fair wage and hence require protection.

3. The Jobs of the workers in the unorganized sector are also not secure, hence they need protection.

4. The workers in the unorganized sector get no other benefits like provident funds, gratuity, paid leaves, medical benefits etc. and hence they require protection of their livelihood.

23. Explain the objective of implementing the NREGA 2005.

Ans. 1. In order to create more employment opportunities and also ensure better conditions to the workers, the Central Government of India made a law in 2005. It is called National Rural Employment Guarantee Act 2005.

2. According to this act, 100 days of employment in a year has been guaranteed by the government to those who are in the need of work.

3. If the Government fails to provide 100 days of employment, it will give employment



allowance to the people. Such type of work will increase the production, especially from land; will be given preference under this act.

24. What are the three sectors of economic activities on the basis of the owner ship of resources?

Ans. 1. Public Sector: It is sector which is owned, controlled and managed by the government. The main aim of this sector is public welfare. For example: Indian Postal Department. Indian Railways.

2. Private Sector: It is sector which is owned, controlled and managed by the private individual. The main aim of this sector is to earn profit. For example Bajaj, TATA etc

3. Joint Sector: It is sector which is owned, controlled and managed jointly by the government and private individuals. For example Oil India Ltd.

25. Describe any three points of importance of primary sector in the Indian economy.

Ans. 1. Primary Sector contributes more than 20% to the GDP of India.

2. Its employment share is near about 60%.

3. It is the most hardworking sector of Indian economy.

4. It includes agriculture, dairy, fishing, forestry which all contributes to the Indian Economy.

26. Explain any four points of importance of Secondary sector in the Indian Economy?

Ans. 1. The Secondary sector contributes more than 20% to the GDP of India.

2. It provides finished goods the people like cloths, sugar, cars, tools and implements.

3. It also provide to the number of people.

4. It helps in the development of our country.

5. It also promotes the development of the primary sector and tertiary sector.



27. Explain with suitable examples that which part of the service sector is not growing in importance.

Ans. There are large number of workers in the service sector who rarely manage to earn a living and yet they perform these services because no alternative opportunities for work are available to them, e.g., workers engaged in service sector such as small shopkeepers, repair persons, transport persons, cattle owners. They are facing so many problems from the MNCs. There for this part of the service sector is not growing in importance.

28. What are economic and non activities?

Ans. 1. Economic Activity: All activities that give an income in return are called economic activities. Like Doctor, teachers, etc.

2. Non Economic Activities: All activities which do not give any income in return are called non-economic activities.

29. Service sector in India employs two different kinds of people. Who are these?

Ans. First category includes a limited number of services that employ highly skilled and educated workers.

1. Second category includes workers engaged in services like repair, transport, small shopkeepers etc. These people do not have alternative opportunities for work and barely manage to earn.

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

Ans. Yes, classification of economic activities in to primary, secondary and tertiary sector is useful as it helps in estimating the relative importance in the growth in GDP of the economy. Classifying in such a way helps in calculating how much goods and services are produced and how many people work in each sector. In India tertiary sector is growing at a very fast speed which implies that the country is moving towards developed country. This type of classification helps in comparing the level of growth in different countries.



31. Explain any three adverse effects of unemployment.

Ans. Labour is an important agent of production, unemployed labour means unused human resources and consequently less than full production. This means lower national income.

1. It also effects on per capita income. It is responsible for low per capita income.
 2. Unemployment also leads to poverty.
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32. Who are the people that work in an unorganized sector? Mention any two social values which you have learnt from the working conditions of organized sector.

Ans. 1. In the rural areas, the unorganized sector mostly comprises the landless agricultural laborers, small and marginal farmers, blacksmith and artisan.

2. In the urban areas, the unorganized sector comprises workers in small-scale industry, casual workers in construction, trade and transport etc. It also consists of those who work as street vendors, head load workers, garment makers, rag pickers etc.

3. Social Values: Most of the people working in unorganized sector belong to backward communities. These workers face social discrimination.

33. Why is the tertiary sector becoming more important in India? Explain.

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

- (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 section of people started demanding many services like eating out, tourism, private hospital etc.
- (iv) Certain new services such as those based on information and communication technology



have become important and essential.

34. What is the differences in the employment conditions between organized and un-organized sectors of the economy?

Ans.

Organized sector	Un-organized sector
1. Registration with the government.	1. No such registration with the government.
2. The labourers are expected to work for a fixed number of hours.	2. There is no fixed working hour.
3. The wages are fixed and extra payment for extra work.	3. The labours get daily wages.
4. In addition to wages, people get some extra benefits like paid leaves, provident fund, gratuity etc.	4. There is not any such benefit.
5. There is a job security.	5. There is no a job security.
6. The labours are given an appointment letter stating all the terms and condition of work.	6. There is no such provision of appointment letter.



5 marks Questions

1. Give a simple method to calculate Gross Domestic Product. Who undertakes this task in India?

- Ans.** 1. 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.
2. It is the sum of the production in the three sectors (primary sector, secondary sector and tertiary sector) gives what is called Gross Domestic Product of a country.
3. It is the value of all the final goods and services produced within a country during a particular year.
4. In India the task of measuring GDP is under taken by the central Government of India.
5. The central government collects the information related to the total volume of goods and services produced from different state and central government agencies, then calculate the GDP of the country.
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2. Write down the five features of Organized sector.

- Ans.** 1. It covers those enterprises or places of work where the terms of employment are regular and some formal processes and procedure are followed.
2. People have assured work and enjoy security of employment.
3. These enterprises are registered by the government.
4. These enterprises follow its rules and regulations such as the factory act, minimum wage act, payment of gratuity act etc.
5. The employees get so many benefits like paid leave, payment during holidays, provident fund, gratuity, medical benefits, pensions etc.
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3. Describe the developments which changed today's developing countries from



farming nations to nations depending on tertiary sectors.

- Ans.** 1. In the last 35 years tertiary sector has achieved importance. It has emerged as single largest producing sector in India.
2. This because in growing economies, certain basic services like good hospitals, schools, banks, and insurance companies required.
3. With the growth of agriculture sector infrastructure facilities like transport storage are required.
4. The richer people want restaurants, shopping malls, tourism etc in big cities. It has become essential service.
5. In developing countries there is no shortage of skilled workers.
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4. Explain any five features of unorganized sector.

- Ans.** 1. It is found in non government small and scattered sectors.
2. Jobs are low paid and irregular.
3. There is no provision of pension, overtime, paid leave, holidays etc.
4. People have no security of employment.
5. It is largely outside the control of the government.
6. There are rules but these are not followed.
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5. Give reasons for the rising importance of tertiary sector in India?

- Ans.** 1. Over thirty years between 1973 and 2003, production in the tertiary sector has increased the most, and it has emerged as the largest producing sector in India replacing the primary sector.
2. In our country there is lot of development in several services such as hospital educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, banks, defense, transport insurance etc.
3. Development of agriculture and industry leads to development of services like transport, trade, storage etc. Greater the development of the primary and secondary sectors more would be the demand for such services.
4. As income level raises people start demanding more services like eating out, tourism, shopping, private hospitals, schools, etc.



5. New services such as internet, e-shopping, communication have become important and essential. The production of these services has been rising rapidly.

6. Distinguish between primary sector and secondary sector.

Ans.

Primary sector	Secondary sector
A. It covers activities that are undertaken by directly using natural resources.	A. It covers activities in which natural products are changed into other forms through manufacturing.
B. It uses natural resources.	B. It deals with manmade products.
C. It deals with Agriculture, dairy, fishing, forestry so this sector is also called agriculture and related sector.	C. This sector gradually become associated with different kinds of industries, so it is also called industrial sector.
D. Dairy farming, cultivation, fishing are some examples of it.	D. manufacturing of car, manufacturing of soap etc.

7. Explain three causes of unemployment in India and suggest any two measures to reduce unemployment in India.

Ans. Following are causes of Unemployment:

1. In the developing countries millions of new jobs were created but the number of job seekers is much more than those jobs. So the insufficient economic development is the main cause of the unemployment.
2. Defective system of education is also responsible for unemployment. There is lack of vocational and professional guidance.
3. Slow growth of industrialization in the country is another cause of unemployment in the urban areas.

Following are some measures to reduce unemployment:

1. Educational system should be improved.
2. Government should take some serious steps to eradicate unemployment.



8. Compare the contribution of employment and GDP to the Indian economy.

Ans. Following is the contribution of GDP:In 1950-51, GDP at factor cost at constant prices was RS 140466 corers and in 2003-2004 were Rs 1424507 corers. In 2003-04, GDP growth rate was 8.2%. In 2003-04 in primary sector, growth rate was 8.6%. In 2003-04, in secondary sector growth rate was 6.7%. In 2003-04, in Tertiary sector growth rate was 8.4%.

Following is the contribution of Employment:In 1951- percentage of working force in India engaged in primary, secondary and tertiary sector was 72.1% 10.7% and 17.2% respectively.

In 1999-2000, percentage of working force in India engaged in Primary, secondary and tertiary sector was 60.4%, 16.8% and 22.7% respectively.

9. Study the data given in the table and answer the following questions:

Sector	Organized	Unorganized	Total
Primary	2		242
Secondary	9	54	63
Tertiary	17	76	93
Total	28		

1. Which is the most important sector that provides most jobs to the people?
2. What is the number of persons engaged in the unorganized sector?
3. Why is this unorganized sector more important? Give reasons.
4. Which is the most important organized sector? Give one reason.

Ans. Workers in different sectors (In Millions)

Sector	Organized	Unorganized	Total
Primary	2	240	242
Secondary	9	54	63



Tertiary	17	76	93
Total	28	370	398

1. Primary sector and especially the unorganized sector are providing most jobs to the people.
2. 370 million.
3. Employment opportunities in the organized sector have been expanding very slowly. Therefore a large number of workers are forced to enter the organized sector jobs, which pay very low salaries.
4. Tertiary sector is the most important organized sector because as income levels rise, certain sections of people start demanding more services like tourism, shopping, private school etc. Production in tertiary sector is rising day by day.

10. Define unemployment, cyclic al, technological, frictional and open unemployment.

- Ans.** 1. Unemployment: It refers to a situation when a person is able and willing to work but does not get an opportunity to work.
2. Cyclic Unemployment: It is due to slackening of demand for goods, generally witnessed in developed countries.
3. Technological or Technical Unemployment: When the introduction of new technological causes, displacement of workers, it is called technological unemployment.
4. Frictional Unemployment: The temporary unemployment which exists during the period of the transfer of labour from one occupation to another is called frictional unemployment. It is due to ignorance of labour about job opportunities.
5. Open Unemployment: In the agricultural sector we have a large group of landless laborers who seek wage employment on farms. But many people fails to get employment and hence remain chronically unemployed.



MCQs

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

- (a) primary sector (b) secondary sector**
(c) tertiary sector (d) all the three sectors

Ans.(c) tertiary sector

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

- (a) All goods & services (b) All final goods & services**
(c) All intermediate goods & services (d) All intermediate & final goods and services

Ans.(b) All final goods & services

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

- (a) Employment conditions (b) The nature of economic activity**
(c) Ownership of enterprises (d) Number of workers employed in the enterprises

Ans.(c) Ownership of enterprises

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

- (a) 100 (b) 120**
(c) 150 (d) 90

Ans.(a) 100

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



(a) TISCO (b) RIL

(c) Indian Railway (d) WIPRO

Ans.(c) Indian Railway

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

(a) Primary sector (b) Secondary sector

(c) Tertiary sector (d) Public sector

Ans.(a) Primary sector

SHORT ANSWER TYPE QUESTIONS

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

Ans.

Public Sector	Private Sector
(i) The government owns most of the assets and provides all the services.	(i) Ownership of assets and delivery of services is in the hands of private individuals or companies.
(ii) The purpose of the public sector is not just to earn profit, but also to raise the welfare of the economy.	(ii) Activities in the private sector are guided by the motive to earn profit.
(iii) Railways or post office is an example of the public sector.	(iii) Tata Iron and Steel Company Limited or Reliance Industries Limited are privately owned.



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.

(b) Though the industrial production of goods went up by eight times, but employment in the industry went up by only 2.5 times.⁸³

(c) 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:

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

(b) 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.

(c) 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-

(i) This sector comprises the poorest section of society in majority

(ii) 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 :

- (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 section of people started demanding many services like eating out, tourism, private hospital etc.
- (iv) 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?

Ans :

Organized sector	Un-organized sector
1. Registration with the government.	1. No such registration with the government.
2. The labourers are expected to work for a fixed number of hours.	2. There is no fixed working hour.
3. The wages are fixed and extra payment	3. The labours get daily wages.



for extra work	
4. In addition to wages, people get some extra benefits like paid leaves, provident fund, gratuity etc.	4. There is not any such benefit.
5. There is a job security.	5. There is no job security.
6. The labours are given an appointment letter stating all the terms and condition of work.	6. There is no such provision of appointment letter.

Q.1 The total income of the country divided by its total population is Called:

- (a) National income (b) Per capital income
(c) Total income (d) None of these

Ans.(b) Per capital income

Q.2 Which organization publishes the Human Development Report:

- (a) WHO (b) UNDP
(c) WTO (d) IMF

Ans.(b) UNDP

Q.3 Development of a country generally be determined by:

- (a) its per capita income (b) its literacy level
(b) health status of its people (d) all above



Ans.(d) all above

Q.4 As per Human Development Report 2006 which neighboring country has the highest income following –

(a) Sri Lanka (b) India

(c) Pakistan (d) Nepal

Ans.(a) Sri Lanka

SHORT ANSWER TYPE QUESTIONS

Q.1 Why do different people have different goals for development?

Ans: Different people have different goals for development because:

Different people have different aspiration and desire. Some may like to have ` more income and better quality of education for their children, while others may require no social discrimination and high support price for their crops. So according to the living conditions and the environment in which the person stays, he or she pursue for the goals. People seek things that are most important for them i.e., that which can fulfill their aspiration or desires.

Q.2 Why average income is taken into consideration instead of total income while making comparison between countries?

Ans: The total income of the country is the income of all the residents of the country. For comparison between countries, total income is not such a useful measure. Since countries have different population, comparing total income will not tell us what an average people is likely to earn. Hence we compare the average income which is the total income of the country divided by its total population.

So, Average income = Total income

Total population

The average income is also called per capita income.

Q.3 Write a paragraph on your nation that what should India do, to become a developed country?

Ans.(i) Control the rate of increasing population.

(ii) Use of latest technology, irrigation facility, chemical fertilizers, and all information should be provided to farmers.

(iii) New economic policy, international trade, liberalization and globalization should be adopted sincerely and effectively.

(iv) Adequate facilities related with infrastructure, education, health, electricity, water, transport etc should be provided to all people of all regions and areas.⁸¹

Q.4 What is the main criteria used by the World Bank in classifying different countries? What are the limitations of this criterion, if any?

Ans: Per capita income is the main criteria used by World Bank.

- Limitations of per capita income:
- It enables to show how income is distributed among the people of the country.
- Cost of pollution is not considered in this average.

Some other important aspects like infant mortality rate, literacy rate, net attendance ratio etc are not considered while calculating per capita income.

LONG ANSWER TYPE QUESTIONS

Q.1 What is meant by sustainable economic development? Give its main features.

Ans: Sustainable development may be defined as development that meets the need of the present generation without compromising the need of ability of the future generations to meet their own needs. Environment and economy are inter-dependent and complementary to each other. Hence the process of development should not ignore environmental issues.

The main features of sustainable development are as follow:

- (i) It stresses meeting the needs of the present generation and future generation.
- (ii) There should be restraints on wasteful luxurious consumption pattern.
- (iii) Efforts should be made to invent environment friendly technology.



(iv) Fast growing population should be effectively checked.

Q.2. What is human development index? Who has prepared it? Write about basic components of human development measurement.

Ans: Human development index is the cumulative measurement of the overall development of the people of a country.

It was prepared by United Nation Development Organization and it is published by UNDP.

The basic components of human development index are as follow:

- a. Life expectancy at birth- It denotes average expected length of life of a person at the time of birth. It is measured in terms of life expectancy in years.
 - b. Literacy- It is measured by gross enrollment ratio for three levels means enrollment ratio for primary school, secondary school and higher education beyond secondary school.
- Per capita income- It is calculated in dollars for all countries so that it can be compared. It is also done in a way so that every dollar would buy the same amount of goods and services in any country.

