

## Sectors of the Indian Economy

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### Assertion & Reason Type Questions

In the following questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- c. Assertion (A) is true, but Reason (R) is false.
- d. Assertion (A) is false, but Reason (R) is true.

**Q 1. Assertion (A):** Agriculture is the most labour absorbing sector in India.

**Reason (R):** The secondary and tertiary sectors have still failed to provide more employment opportunities to a majority of the Indian people so the people are forced to engage themselves in agriculture.

**Answer : A**

**Q 2. Assertion (A):** Not every goods or services that is produced and sold needs to be counted to know the total production in each sector.

**Reason (R):** The value of final goods already includes the value of all the intermediate goods.

**Answer : A**

**Q 3. Assertion (A):** An individual who manufactures flour from wheat is engaged in primary sector.

**Reason (R):** When some process of manufacturing is used, the product is a part of secondary sector.

**Answer : D**

**Q 4. Assertion (A):** The development of agriculture and industry leads to the development of service sector.

**Reason (R):** As the primary and secondary sectors develops, the demand for transport, storage structures, banks, insurance, etc., increases.



**Answer : A**

**Q 5. Assertion (A):** GDP shows how big an economy is.

**Reason (R):** GDP is the value of all goods and services produced within the domestic territory of a country in a year.

**Answer : A**

**Q 6. Assertion (A):** Leela works five days a week, receives her income on the last day of each month and gets medical facilities from her firm.

**Reason (R):** Leela is working in organised sector.

**Answer : A**

**Q 7. Assertion (A):** Mohan is a shopkeeper who pays his taxes on time. He has employed two workers- Rakesh and Raghu in his shop. He pays them well, however, none of the workers get any paid leaves in the year.

**Reason (R):** Rakesh and Raghu are employed in unorganised sector.

**Answer : A**

**Q 8. Assertion (A):** Rakesh is an educated and skilled worker who earns a high monthly salary as he is employed in a private bank in a city.

**Reason (R):** All service sectors in India are growing extremely well and each individual engaged in any kind of tertiary activity earns a high income.

**Answer : C**

**Q 9. Assertion (A):** Under MGNREGA 2005, those who are able to and are in need to work in rural areas are guaranteed 100 days of employment in a year.

**Reason (R):** The Central Government in India made a law implementing the Right to Work in about 625 districts of India.

**Answer : A**

**Q10. Assertion (A) :** In India, over the forty years between 1973-74 and 2013-14, while production in all the three sectors has increased, it has increased the most in the tertiary sector.

**Reason (R) :** Tertiary sector is the only organized sector in the economy so the government spends a lot of money for creating jobs in tertiary sector.



**Answer :** (c) There are several reasons for increased production in tertiary sector such as increase in demand for education, health, communication and transportation, development of agriculture sector, increase in level of income and development of information and technology sector.

**Q11. Assertion (A) :** Reliance industries is a privately-owned firm.

**Reason (R) :** Government is a major stakeholder in reliance industries.

**Answer :** (c) Reliance industry is a privately-owned firm as the assets and delivery of goods and services in Reliance is controlled by private individuals.

**Q12. Assertion (A) :** The development of agriculture and industry leads to the development of service sector.

**Reason (R) :** As the primary and secondary sectors develop, the demand for transport, storage structures, banks, insurance, etc., increases.

**Answer :** (a) As the primary and secondary sector develop the demand for the aforementioned tertiary activities increase. Not just the demand for mentioned services increases, but as individuals become better off, the demand for education, health services, professional training and communication also increase. Therefore, the development of primary and secondary sectors leads to the development of service or tertiary sector.

**Q13. Assertion (A) :** An individual who manufactures flour from wheat is engaged in primary sector.

**Reason (R) :** When some process of manufacturing is used the product is a part of secondary sector.

**Answer :** (d) An individual who manufactures flour from wheat is engaged in secondary sector as the products that are not manufactured directly from nature but require some manufacturing process are a part of secondary sector.

**Q14. Assertion (A) :** GDP shows how big an economy is.

**Reason (R) :** GDP is the value of all goods and services produced within the domestic territory of a country in a year.

**Answer :** (a) GDP is the value of all final goods and services produced within a country. A higher GDP is indicative of higher production level and higher economic activity. Also, a higher GDP implies people of the country are earning more so it is indicative of the size of an economy.



**Q15. Assertion (A) :** Rakesh is an educated and skilled worker who earns a high monthly salary as he is employed in a private bank in a city.

**Reason (R) :** All service sectors in India are growing extremely well and each individual engaged in any kind of tertiary activity earns a high income.

**Answer :** (c) In India, not the entire service sector is growing equally well. 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. At the other end, there are a very large number of workers engaged in services such as small shopkeepers, repair persons, transport persons, etc. These people barely manage to earn a living and yet they perform these services because no alternative opportunities for work are available to them.

**Q16. Assertion (A) :** Leela works five days a week, receives her income on the last day of each month and gets medical facilities from her firm.

**Reason (R) :** Leela is working in organized sector.

**Answer :** (a) The firms in organized sector 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, Payment of Gratuity Act, Shops and Establishments Act etc

**Q17. Assertion (A) :** Mohan is a shopkeeper who pays his taxes on time. He has employed two workers Rakesh and Raghu in his shop. He pays them well, however, none of the workers get any paid leaves in the year.

**Reason (R) :** Rakesh and Raghu are employed in unorganized sector.

**Answer :** (a) If Rakesh and Raghu were employed in organized sector, they would receive benefits such as paid leaves, medical insurance and pension schemes from the employer. Mohan is not following labour laws as he does not provide any paid leave to his employees in the year.

**Q18. Assertion (A) :** When calculating the total value of goods and services produced in a country, the value of all goods and services at each stage of production should be calculated.

**Reason (R) :** At each stage of production some value is added to a good or service, therefore, the value added at each stage of production is added to derive the total value of goods and services in an economy.

**Answer :** (d) When calculating the total value of goods and services produced in a country, the value of final goods and services is calculated. If we add the value of goods and services at each stage of production, we will get an inflated GDP as the same value would be included multiple times.



**Q19. Assertion (A) :** There are several goods and services that the society needs; however, the private sector does not produce all of them.

**Reason (R) :** Private sector is profit driven.

**Answer :** (a) Some of the services such as defense require a lot of spending and do not provide any profit. Therefore, private sector does not invest in such activities. Also, certain services such as public transportation and irrigation facilities require massive spending which is beyond the capacity of private sector.

**Q20. Assertion (A) :** In India, the primary sector is the largest employer.

**Reason (R) :** The demand for services has increased enormously.

**Answer :** (b) The primary sector remains the largest employer in India because not enough jobs were created in the secondary and tertiary sectors. However, the demand for services has increased owing to increase in demand for education, health, communication and transportation, development of agriculture sector, increase in level of income and development of information and technology sector.

**Q21. Assertion (A) :** Since the 1890s, it is common to see a large number of workers losing their jobs in the organised sector.

**Reason (R) :** Service sector also includes some essential services they may not directly help in the production of goods.

**Answer :** (d)

**Q22. Assertion (A) :** The unorganised sector offers jobs that are the most sought-after.

**Reason (R) :** But the employment opportunities in the organised sector have been expanding very slowly.

**Answer :** (d)

**Q23. Assertion (A) :** The value of final goods already includes the value of all the intermediate goods that are used in making the final good.

**Reason (R) :** The value of final goods and services produced in each sector during a particular year provides the total production of the sector for the next two years.

**Answer :** (c)

**Q24. Assertion (A) :** The Government of India buys wheat and rice from farmers at fair price.

**Reason (R) :** Public sector contributes to the economic development.

**Answer :** (a)

**Q25. Assertion (A) :** In India, the mammoth task of measuring GDP is undertaken by a state government ministry.

**Reason (R) :** With the help of various government departments of all the Indian states and union territories, the central ministry collects information relating to total volume of goods and services and their prices and then estimates the GDP.

**Answer :** (d)