



INDIAN SCHOOL AL WADI AL KABIR

Class: X	Department: Social Science	Sub: ECONOMICS
Chapter-2 Question Bank-2	Topic: Sectors of the Indian Economy	Year: 2025-26

1	<p>Compare economic and non-economic activities with examples.</p> <p>Ans.</p> <table border="1"><thead><tr><th>Economic Activities</th><th>Non-Economic Activities</th></tr></thead><tbody><tr><td>These activities give an income in return</td><td>These activities do not give any income in return</td></tr><tr><td>These are done to earn a livelihood</td><td>These are done out of love and care</td></tr><tr><td>For example: People going for work in factories, farms, banks etc.</td><td>For example: Doing social work, helping the poor</td></tr></tbody></table>	Economic Activities	Non-Economic Activities	These activities give an income in return	These activities do not give any income in return	These are done to earn a livelihood	These are done out of love and care	For example: People going for work in factories, farms, banks etc.	For example: Doing social work, helping the poor
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For example: People going for work in factories, farms, banks etc.	For example: Doing social work, helping the poor								
2	<p>How are the economic activities classified in various sectors based on the nature of activity? Explain.</p> <p style="text-align: center;">OR</p> <p>‘Tertiary sector is different from other sectors.’ Justify the statement with suitable arguments. [Ans. Refer: Point (iii) only]</p> <p>Ans.</p> <p>i. <u>Primary Sector</u></p> <ul style="list-style-type: none">• It includes activities that are undertaken by directly using natural resources. For example, the cultivation of cotton. These activities depend mainly, but not entirely, on natural factors like rainfall, sunshine and climate etc.• It forms the base for all other products that we subsequently make.• Since most of the natural products come from agriculture, dairy, fishing, forestry, this sector is also called Agriculture and related sector. <p>ii. <u>Secondary Sector</u></p> <ul style="list-style-type: none">• The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that are associated with industrial activity.• This sector is also called as Industrial sector.• Example: Spin yarn and weave cloth by using cotton fibre from the plant, make sugar or gur by using sugarcane as a raw material. <p>iii. <u>Tertiary Sector</u></p> <ul style="list-style-type: none">• The tertiary sector is different from other sectors because the other two sectors produce goods but this sector does not produce goods by itself.• Tertiary activities help in the development of the primary and secondary sectors.• These activities are an aid and support for the production process.• Since these activities generate services rather than goods, the tertiary sector is also called the Service sector.• Example: Transport, storage, communication, banking, trade etc.								

3 **“Economic activities, though grouped into three different categories, are highly interdependent”. Justify.**
 Ans.
 All the three sectors, primary, secondary and tertiary, are interdependent to each other in the following ways.

- Raw materials are produced in the primary sector and processed into finished items in the secondary sector. Assistance is provided by the tertiary sector to these two activities.
 For example: -
- Primary sector makes possible the extraction of natural resources like iron. This iron is then taken to the secondary sector through the transportation system like trucks.
- The secondary sector is changing the natural resource iron into other forms through the process of manufacturing. Manufacturing again needs the support of the service sector in the form of engineers, electricians, etc. Iron is changed into iron sheets and then into vehicles for transportation.
- Once manufactured, the vehicles are sold through various trading agencies. These vehicles are used for providing services in the tertiary sector and at the same time support the primary and the secondary sectors to carry out their processes.

(Refer table 2.1, page number 21, for more examples)

4 **Define Gross Domestic Product. Who undertakes the task of measuring GDP in India?**
 Ans.

- Gross Domestic Product (GDP) is the **value of all final goods and services** produced in the three sectors within a country during a particular year.
- In India, the mammoth task of measuring GDP is undertaken by a Central government ministry. This Ministry, with the help of various government departments of all the Indian states and union territories collects information relating to total volume of goods and services and their prices and then estimates the GDP.

5 **Differentiate between Final goods and Intermediate goods with examples.**
 Ans.

Final Goods	Intermediate Goods
Goods which are used by the consumers for final use.	Goods which are not ready for final consumption and are used as raw materials for further production.
The value of final goods is included in national income.	The value of intermediate goods is not included in national income to prevent double counting.
These goods directly satisfy human needs.	These goods indirectly satisfy human needs.
Example: - Computer, Car, Pen, biscuit etc.	Example: - Flour, cotton, steel etc.

6	<p>What precaution should be taken while estimating total production of each sector? Ans.</p> <p>The following precaution should be taken while estimating total production of each sector:</p> <ul style="list-style-type: none"> • While estimating total production, not all goods and services that are produced and sold needs to be counted, only the value of final goods and services are taken. • If we include the value of intermediate goods separately it will lead to double counting (counting the value of the same things a number of times). • For instance, a farmer who sells wheat to a flour mill for Rs 20 per kg. The mill sells the flour to a biscuit company for Rs 25 per kg. The biscuit company uses the flour and things such as sugar and oil to make four packets of biscuits. It sells biscuits in the market to the consumers for Rs 120 (Rs 30 per packet). Biscuits are the final goods. • In this example, the value of Rs 30 for the biscuits (final good) already includes the value of flour (Rs 25) and all other intermediate goods. Therefore, counting the value of the flour and wheat separately is not correct because it will lead to double counting.
7	<p>What does the history of developed countries indicate about the shifts that have taken place between sectors?</p> <p style="text-align: center;">OR</p> <p>“When a country develops, the contribution of primary sector declines and that of secondary and tertiary sector increases.” Analyse the statement.</p> <p>Ans.</p> <ul style="list-style-type: none"> • In the initial stages of development, the primary sector was the most important sector. • With better farming methods, agriculture improved and produced more food. This allowed people to take up other work like trade, transport, army, and administration. Still, most goods came from the primary sector and most people worked there. • Over time (more than 100 years), new ways of manufacturing led to the growth of factories. People started using factory-made goods, which were cheaper. The secondary sector then became the most important for production and jobs. • In the last 100 years, there was a shift from the secondary to the tertiary sector in developed countries. The tertiary sector (services) became the most important in terms of both production and employment. • In short, there has been a shift from primary to secondary and then to tertiary sector in the developed countries.
8	<p>Compare and contrast the changes in India with the pattern that was observed for developed countries. What kind of changes between sectors were desired but did not happen in India?</p> <p>Ans.</p> <ul style="list-style-type: none"> • In the case of developed countries, the evolution of the economy happened in the most logical pattern. Growth in the primary sector was followed by a growth in the secondary sector. After that, the growth of the tertiary sector followed.

	<ul style="list-style-type: none"> • The employment generation also kept pace with related changes in different sectors. • In India, the pattern was different. After the primary sector, it was the tertiary sector that grew quickly, not the secondary sector. • The primary sector continues to be the largest employer even now. • A remarkable fact about India is that while there has been a change in the share of the three sectors in GDP, a similar shift has not taken place in employment.
9	<p>Why does the primary sector in India continue to be the largest employer in 1977-78 as well as in 2017-18?</p> <p>Ans.</p> <ul style="list-style-type: none"> • The primary sector continues to be the largest employer because not enough jobs were created in the secondary and tertiary sectors. • Industrial output or the production of goods went up by more than nine times during the period, employment in the industry went up by around three times. While production in the service sector rose by 14 times, employment in the service sector rose around five times. • The primary sector, mainly in agriculture, still employs about more than half of the workers in the country. But producing only about one sixth of the GDP. • The secondary and tertiary sectors produce the rest of the produce whereas they employ less about half the people. • Both the secondary and tertiary sectors offer a limited number of services which employ highly skilled and educated workers.
10	<p>Explain the reasons behind the growth of the service sector in the Indian Economy.</p> <p>Ans.</p> <ul style="list-style-type: none"> • Expansion of Basic Services: - In any country, several basic services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, etc. are required. In a developing country like India, the government provides most of these. • Development of Agriculture and Industrial sector: - As agriculture and industry grow, they create more demand for services like transport, trade, and storage. • Growing demand for better and leisure services: - As income levels rise, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospitals, private schools, professional training etc. • Rapid expansion of Communication and Information Technology: - In recent years, services based on information and communication technology have grown quickly and become very important.
11	<p>Explain the significance and role of the secondary sector as a tool in the economic development of a country.</p> <p>Ans.</p>

	<ul style="list-style-type: none"> • The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that are associated with industrial activity. • It absorbs excess labour from the Primary sector and reduces disguised unemployment. • It helps other sectors grow and supports the Indian economy by contributing a large share to the GDP. • It gives employment to a large number of people. • It uses mechanical power and skilled and unskilled labour.
12	<p>“Tertiary sector has a pivotal role in the economy of the country.” Support the answer with day-to-day examples.</p> <p>Ans.</p> <ul style="list-style-type: none"> • Tertiary sector is the largest producing sector in India. It contributes more than 50% of the GDP of India. • In 2017-18, about 31 per cent of total employment is generated in the tertiary sector. • It provides a number of personal services like hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence etc. • It supports the primary sector by offering services such as transport, trade, storage, banking, and insurance. • It also helps industrial growth by providing transport, banking, and insurance services.
13	<p>What do you understand about disguised unemployment? Explain with an example each from the urban and rural areas.</p> <p>Ans.</p> <ul style="list-style-type: none"> • It is a situation when people are apparently working but they are not actually employed and all of them are made to work less than their potentials. Each one is doing some work but no one is fully employed as their labour effort gets divided. This is the situation of underemployment. • It means that there are more people than necessary. So, even if you move a few people out, production will not be affected. In other words, workers are underemployed. • This kind of underemployment is hidden. Hence, it is also called disguised unemployment. In rural areas, where agriculture is the main source of income, this kind of unemployment is common. • For example, Laxmi is a small farmer with two hectares of land. All five family members work on the farm all year, but none of them are fully employed. If two people move out, it does not affect production on their farm and at the same time, the family is now able to earn some extra income through wages. • In urban areas there are thousands of casual workers in the service sector who search for daily employment like painters, plumbers, repair persons and others doing odd jobs. Many of them don't find work every day and spend the whole day but earn very little. They do this work because they have no better options.

14

Underemployment continues to be rampant in the rural areas. Suggest some ways through which employment for rural people can be generated.

OR

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

Ans.

The following steps can be taken to create more employment opportunities in the rural areas.

- **Create a strong infrastructure:** Construction of dams and canals for irrigation can create lots of jobs and help farmers grow more crops throughout the year, i.e., they will remain employed all the year round.
- **Expansion of transport, communication network and trade:** If the government builds better roads and storage facilities, it can create jobs not only for farmers but also for people working in transport and trading.
- **Provision of cheap and easy credit facilities:** If the farmers are provided cheap and easy loans, they would help them to buy inputs such as HYV seeds, fertilizers, pesticides, agricultural equipment, etc. This boosts farming and creates more jobs.
- **Promotion of local and agro-based industries:** Identify and promote locate industries and services where a large number of people may be employed. For instance, opening a cold storage could give an opportunity for farmers to store their products and sell them when the price is good. Similarly, in villages near forest areas, we can start honey collection centres where farmers can come and sell wild honey.
- **Construction of school buildings, hospitals, community centres, etc.:** A study conducted by the Planning Commission (now known as NITI Aayog) estimates that nearly 20 lakh jobs can be created in the education sector alone. Similarly, to improve the health situation, many more doctors, nurses, health workers etc. need to work.
- **Promotion of other activities** like tourism, regional crafts, information, etc. will certainly lead to creation of new employment opportunities. For example, the study by the Planning Commission says that if tourism as a sector is improved, every year we can give additional employment to more than 35 lakh people.

15

Explain the objectives of implementing the MGNREGA 2005.

Ans.

- Central government in India made a law implementing the **Right to Work** in about **625 districts** of India. It is called **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) - 2005**
- Under MGNREGA 2005, **people in rural areas who want to work are guaranteed 100 days of employment** in a year.
- If the government fails to provide employment, it will give unemployment allowances to the people.
- Preference is given to work that would help to increase the production from land in future.

16

Distinguish between organized and unorganized sector.

Ans.

Organised Sector	Unorganised Sector
It covers those enterprises or places of work where the terms of employment are regular	It is characterised by small and scattered units which are largely outside the control of the government.
Assured job work	Jobs are low-paid and often not regular. Employment is not secure.
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, Payment of Gratuity Act, Shops and Establishments Act etc.	There are rules and regulations but these are not followed.
It includes formal processes and procedures and fixed number of working hours.	There is no formal processes, procedures and fixed number of working hours.
Overtime money for extra work. Get pension after retirement	There is no provision for overtime, paid leave, holidays, leave due to sickness etc. and not getting a pension.
Getting annual increment and other allowances like provident fund, gratuity, paid leave, payment during holidays etc.	Not getting annual increment and other allowances.

17

'There is a need for protection and support of the workers in the unorganised sector'- Who are these vulnerable people who need protection? How to protect them?

Ans:

The following are the ways in which the workers can be protected by the government.

- In the rural areas, the unorganised sector mostly comprises landless agricultural labourers, small and marginal farmers, sharecroppers and artisans (such as weavers, blacksmiths, carpenters and goldsmiths). They need timely access to seeds, farming tools, credit, storage, and marketing outlets.
- In the urban areas, the unorganised sector comprises mainly of workers in small-scale industry, casual workers in construction, trade and transport etc., and those who work as street vendors, head load workers, garment makers, rag pickers etc. They need the government's support for procuring raw material and marketing of output.
- Majority of workers from scheduled castes, tribes and backward communities find themselves in the unorganised sector. Besides getting irregular and low paid work, these workers also face social discrimination.
- Protection and support from the government is important for their economic and social development.

18

Distinguish between public and private sector with examples.

Ans.

Public Sector	Private Sector
The government owns most of the assets and provides all the services	The ownership of assets and delivery of services is in the hands of private individuals or companies.
The purpose is not just to earn profits, increasing the facilities for public welfare.	Activities are guided by the motive to earn profits.
The decisions regarding production and distribution are taken by the government.	The decisions regarding production and distribution are taken by owner or manager of the company.
Provide basic facilities like education, health, food and security to people.	Provides consumer goods to the people.
Example: Railways, Post office etc.	Example: Tata Iron and Steel Company Limited (TISCO), Reliance Industries Limited (RIL) etc.

19

How far is it correct to say that several services which cannot be provided by the private sector can be provided by the public sector? Explain.**OR****'Public sector contributes to the economic development of India.' Justify the statement.**

Ans.

Reasons why government has taken up public sector activities are:

- There are **some activities which require a huge amount of money which is beyond the capacity of the private sector.**
- **Collecting money from thousands of people who use these facilities is not easy.** Even if they do provide these things, they would charge a high rate for their use.
Examples are construction of roads, bridges, railways, harbours, generating electricity, providing irrigation through dams etc.
- There are **some activities, which the government has to support:** -
For example, the government provides **electricity at lower rates** to help small industries. Government has to bear part of the cost of generation of electricity.
- Similarly, the government also **buys wheat and rice** from farmers at a fair price and sells it at lower prices through ration shops. This helps both farmers and poor consumers.
- There are a large number of **activities which are the primary responsibility of the government:** - For example, providing health and education facilities, availability of safe drinking water, housing facilities and food and nutrition. It is also the duty of the government to take care of the poorest and most ignored regions of the country through increased spending in such areas.

Read the source given below and answer the questions that follow:

Even though industrial output or the production of goods went up by more than nine times during the period, employment in the industry went up by around three times. The same applies to the tertiary sector as well. While production in the service sector rose by 14 times,

employment in the service sector rose around five times. As a result, more than half of the workers in the country are working in the primary sector, mainly in agriculture, producing only about one sixth of the GDP. In contrast to this, the secondary and tertiary sectors produce the rest of the produce whereas they employ less about half the people.

20.1. Compare the changes in production and employment between the tertiary sector and the primary sector as described in the paragraph.

Ans.

- In the tertiary sector, production rose by 14 times while employment increased by around five times, showing significant growth in services but less proportional employment growth.
- In contrast, the primary sector (mainly agriculture) employs more than half of the workers but produces only about one-sixth of the GDP, indicating lower productivity and higher labour dependence.

20.2. How does disguised unemployment affect the productivity of labour?

Ans.

- It is a situation when people are apparently working but they are not actually employed and all of them are made to work less than their potentials. Each one is doing some work but no one is fully employed as their labour effort gets divided. This is the situation of underemployment.
- Even if you move a few people out, production will not be affected. In other words, workers are underemployed. It is also called disguised unemployment.

20.3. Which sector is the largest employer in India? Write its features

Ans. Primary Sector

- It includes activities that are undertaken by directly using natural resources. For example, the cultivation of cotton. These activities depend mainly, but not entirely, on natural factors like rainfall, sunshine and climate etc.
- It forms the base for all other products that we subsequently make.
- Since most of the natural products come from agriculture, dairy, fishing, forestry, this sector is also called **Agriculture and related sector**.