

Chapter 2 - Sectors of the Indian Economy

1. Fill in the blanks using the correct option given in the bracket:

- (i) Employment in the service sector _____ increased to the same extent as production. (has / has not)
- (ii) Workers in the _____ sector do not produce goods. (tertiary / agricultural)
- (iii) Most of the workers in the _____ sector enjoy job security. (organised / unorganised)
- (iv) A _____ proportion of labourers in India are working in the unorganised sector. (large / small)
- (v) Cotton is a _____ product and cloth is a _____ product. [natural / manufactured]
- (vi) The activities in primary, secondary and tertiary sectors are _____ [independent / interdependent]

Answer (i): has not

Answer (ii): tertiary

Answer (iii): organised

Answer (iv): large

Answer (v): natural and manufactured

Answer (vi): interdependent

2. Choose the most appropriate answer.

(a) The sectors are classified into public and private sector on the basis of:

- (i) employment conditions
- (ii) the nature of economic activity
- (iii) ownership of enterprises
- (iv) number of workers employed in the enterprise

Answer: (iii) ownership of enterprises

(b) Production of a commodity, mostly through the natural process, is an activity in _____ sector.

- (i) primary
- (ii) secondary
- (iii) tertiary
- (iv) information technology

Answer: (i) primary

(c) GDP is the total value of _____ produced during a particular year.

- (i) all goods and services
- (ii) all final goods and services
- (iii) all intermediate goods and services
- (iv) all intermediate and final goods and services

Answer: (ii) all final goods and services

(d) In terms of GDP the share of tertiary sector in 2013-14 is between _____ per cent.

- (i) 20 to 30
- (ii) 30 to 40
- (iii) 50 to 60
- (iv) 60 to 70

Answer: (iii) 50 to 60

3. Match the following:

Problems faced by farming sector	Some possible measures
1. Unirrigated land	(a) Setting up agro-based mills
2. Low prices for crops	(b) Cooperative marketing societies
3. Debt burden	(c) Procurement of food grains by government
4. No job in the off season	(d) Construction of canals by the government
5. Compelled to sell their grains to the local traders soon after harvest	(e) Banks to provide credit with low interest

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4. Find the odd one out and say why.

(i) Tourist guide, dhobi, tailor, potter

Answer: Tourist Guide is the odd one out because he or she is appointed by the Government Department but tailor, dhobi and potter own their private work.

(ii) Teacher, doctor, vegetable vendor, lawyer

Answer: Vegetable vendor is the odd one out because he works in the primary sector, while jobs of teacher, lawyer and doctor come under the tertiary sector.

(iii) Postman, cobbler, soldier, police constable

Answer: Cobbler is the out one out because he works in the private sector while the postman, soldier and police constable work for the public sector or the organised sector.

(iv) MTNL, Indian Railways, Air India, Jet Airways, All India Radio

Answer: Jet Airways is the odd one out because it is owned by a private company and MTNL, Indian Railways, Air India and All India Radio are owned by the Government of India

5. A research scholar looked at the working people in the city of Surat and found the following.

Place of Work	Nature of Employment	Percentage of working People
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in marketplaces with formal license		15
People working on the street, construction workers, domestic workers		20
Working in small workshops usually not registered with the government		

Complete the table. What is the percentage of workers in the unorganised sector in this city?

Answer:

Place of Work	Nature of Employment	Percentage of working People
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in marketplaces with formal license	Organised	15
People working on the street, construction workers, domestic workers	Unorganised	20
Working in small workshops usually not registered with the government	Unorganised	50

The percentage of workers in the unorganised sector are 70% (50+20)

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

Answer: The classification of economic activities into primary, secondary and tertiary is useful as it helps to classify the different occupations that are taken up by the people in the country and how much each sector contributes to the growth of the country. It is also important because it helps in asserting that which sector contributes the most in the GDP and which sector has the scope to employ more people and increase the National Income

7. For each of the sectors that we came across in this chapter why should one focus on employment and GDP? Could there be other issues which should be examined? Discuss.

Answer: Employment and GDP are two of the most important factors in the development of a country. Employment and GDP are used to calculate the overall productivity and National income of a country. If a country has a high employment rate, its GDP, National Income and per capita income will automatically increase. Hence these are the two things which have been given major emphasis in this chapter.

Other issues which should be examined are as follows:

1. Health care facilities
2. Education
3. Poverty
4. Food Production
5. Nourishment

8. Make a long list of all kinds of work that you find adults around you doing for a living. In what way can you classify them? Explain your choice.

Answer: The activities performed by human beings for a living are classified into three sectors: primary, secondary and tertiary. When we see people around us, we can classify their employment sector in either of the three classifications. Activities like cleaning, agriculture, selling vegetables are examples of the primary sector. Manufacturing of goods is an example of the secondary sector. Teaching, mining, banking, transportation are all examples of the tertiary sector.

9. How is the tertiary sector different from other sectors? Illustrate with a few examples.

Answer: The activities that help in the development of the primary and secondary sectors are called tertiary activities. These activities are different from the primary and secondary sector activities. These activities, by themselves, do not produce a good but they are an aid or support for the production process. For example, goods that are produced in the primary or secondary sector would need to be transported by trucks or trains and then sold in wholesale and retail shops. These transportation facilities and shopkeepers come under the tertiary sector. They do not produce goods but play a very important role in selling and bringing those goods to the market.

10. What do you understand by disguised unemployment? Explain with an example each from the urban and rural areas.

Answer: The situation of underemployment, where people are apparently working but all of them are made to work less than their potential is called disguised unemployment. In this case, the person considers himself employed but is actually not working.

In rural areas, where agriculture is the main source of income, this kind of unemployment can be seen often. If a piece of land requires only three people to work on it and instead five people are working on it, then the two extra people are said to be in a situation of disguised unemployment.

In urban areas, disguised unemployment is seen when painters, plumbers, electricians are unable to find work on a daily basis and work way less than their potential.

11. Distinguish between open unemployment and disguised unemployment.

Answer: Open unemployment is when a person is willing to work, is educated but is unable to get a job and work. This kind of unemployment is visible. On the other hand, disguised unemployment is when a person is apparently working but is made to work less than his or her potential. This kind of employment is quite evident in villages where people working in farms consider themselves employed but are actually working less than their potential.

12. “Tertiary sector is not playing any significant role in the development of Indian economy.” Do you agree? Give reasons in support of your answer.

Answer: No, this is not correct. The tertiary sector is playing a significant role in the development of the Indian Economy. In the year 2003, the tertiary sector replaced the primary sector as the most producing sector in the country. A few reasons to support this are given below:

1. The primary and secondary sectors can only flourish if the tertiary sector is there to support them.
2. The tertiary sector adds up a lot to the National income of the country.
3. Education, which is the basis of everything comes under the tertiary sector. A person working as a teacher comes under the tertiary sector.
4. This sector provides the maximum employment opportunities to the people in the country.

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

Answer: Service sector in India employs two different types of people. These people are:

1. Highly Skilled labour, which includes teachers, bankers, IT officials, etc. These people are permanently employed.
2. Less Skilled Labour, which includes vendors, electricians, plumber, etc. These people are not permanently employed.

14. Workers are exploited in the unorganised sector. Do you agree with this view? Give reasons in support of your answer.

Answer: The unorganised sector is characterised by small and scattered units which are largely outside the control of the government. There are rules and regulations but these are not followed. Jobs here are low paid and not regular. Hence it correct to say that workers are exploited in the unorganised sector because more work is taken from them in comparison to what they are paid. They have no provisions or extra pay for overtime and no medical benefits. The biggest problem in working in this sector is that there is no job security.

15. How are the activities in the economy classified on the basis of employment conditions?

Answer: On the basis of the employment conditions, the economy can be classified into two sectors:

1. Organised Sector: Enterprises registered under the Government of India, have an employee-friendly environment and are provided with various facilities including high wages.
2. Unorganised Sector: Small and scattered units which are temporary and employees in this sector are paid less.

16. Compare the employment conditions prevailing in the organised and unorganised sectors.

Answer: In the organised sector, the employees are given higher wages, medical facilities, a healthy working environment and their jobs are permanent. They are not liable to look for a new source of income each day.

In the unorganised sector, the wages are low, the employees are exploited, no extra income for extra time is given, no medical facilities are provided and the work environment is unhealthy.

17. Explain the objective of implementing the NREGA 2005.

Answer: The National Rural Employment Guarantee Act, 2005 was introduced with an aim to ensure guaranteed 100 days of employment in a year to all those who are in need of work. It also states that in the case of employment is not provided under this act, employment wages will be given to those left unemployed. Additional employment opportunities need to be created for people in villages and smaller towns.

18. Using examples from your area compare and contrast that activities and functions of private and public sectors.

Answer: In the private sector, the assets and industries are owned by individuals and in the public sectors industries and enterprises are owned by the Government. Private sector works to earn profits and the public sector works to provide facilities to the public and to earn profits. The common examples of public sector that we can see around us are Government Banks, Post Offices, municipal hospital and Indian railways. The common examples of private sector that we can see around us are IT companies, malls and multiplex, etc.

19. Discuss and fill the following table giving one example each from your area.

	Well Managed Organisation	Badly Managed Organisation
Public Sector		
Private Sector		

Answer: Students must answer this question based on their own observations.

20. Give a few examples of public sector activities and explain why the government has taken them up.

Answer: The public sector activities are set for the betterment of the public itself. The reason government has taken up the public sector is so that proper facilities can be provided to the people of the country. Banks, transport, irrigation, electricity, water and all the basic things that are necessary for people, come under the public sector and providing these facilities to its citizens is the responsibility of the Government.

21. Explain how public sector contributes to the economic development of a nation.

Answer: The public sector is the sector that comes under the government of India. The reason for the government to take responsibility of this sector is because the basic necessities of people including water, electricity, irrigation, all fall under this category and if these departments are left unattended it will result in the downfall of the economy of a country because the growth of the country would stop. The economic development of a country depends upon the development of the people and if people are deprived of the basic necessities, the country's economic development would be affected. Government encourages small and large industry to flourish and provides employment under this section.

22. The workers in the unorganised sector need protection on the following issues : wages, safety and health. Explain with examples.

Answer: The unorganised sector is characterised by small and scattered units which are largely outside the control of the government. There are rules and regulations but these are not followed. The workers in the unorganised sector need protection:

Wages: the income of the workers in the unorganised sector is not fixed and they are barely able to meet the needs to lead a decent livelihood. Hence proper and fixed wages should be given to these workers so that they can grow and contribute to the growth of the country. For example - a painter only gets paid the wages for the days he works and the other days he is jobless and is able to earn nothing.

Safety: No safety is provided to the workers working in the unorganised sector. There is no job security and anyone can be fired and removed from their work as per the requirement of the labourers. For example - A labour working in the construction of a building is left with no work once the construction is complete and has no guarantee of getting work again.

Health: Health is a very important factor for the growth and development of the country. The unorganised sector is given no medical security and if any accident occurs while they are working, the employer is not responsible for their health. For example - there is no sick leave for labourers working on daily wages.

23. A study in Ahmedabad found that out of 15,00,000 workers in the city, 11,00,000 worked in the unorganised sector. The total income of the city in this year (1997-1998) was Rs 60,000 million. Out of this Rs 32,000 million was generated in the organised sector. Present this data as a table. What kind of ways should be thought of for generating more employment in the city?

Answer:

Total Workers	Workers in Unorganised Sector	Total Income of City (1997-1998)	Income generated by organised sector	Income generated by unorganised sector
15,00,000	11,00,000	60,000 million	32,000 million	28,000 million

The table clearly shows that the income generated in the unorganised sector is close to 50% of the total income of Ahmedabad. In order to increase employment opportunities for the people more industries should be set up, proper education must be provided to all, proper facilities under the public sector must be provided to all.

24. The following table gives the GDP in Rupees (Crores) by the three sectors:

Year	Primary	Secondary	Tertiary
2000	52,000	48,500	1,33,500
2013	8,00,500	10,74,000	38,68,000

(i) Calculate the share of the three sectors in GDP for 2000 and 2013.

- Answer:** In 1950, the share of primary sector in GDP was 57.97%, secondary section was 13.77% and tertiary sector was 28.26%. In the year 2000, the share of Primary sector in GDP was 27.33%, secondary section was 24.37% and tertiary sector was 48.30%.