



Objective Type Questions

(1 Mark each)

I. Multiple choice questions

1. Which of the following profession belongs to the tertiary sector of economy?

- a. Fisherman
- b. Farmer
- c. Factory worker
- d. Teacher

2. Arrange the following in the correct sequence:

- (i) Transporting cloth to the workshops
- (ii) Sale in shops and showrooms
- (iii) Spinning the yarn
- (iv) Weaving of the fabric

Options:

- a. (i) - (iv) - (iii) - (ii)
- b. (iii) - (iv) - (i) - (ii)
- c. (iv) - (i) - (ii) - (iii)
- d. (iii) - (iv) - (ii) - (i)

3. Activities that help in the development of primary and secondary sectors come under which one of the following sector:

- a. Primary
- b. Secondary
- c. Tertiary
- d. Quaternary

4. At the initial stages of development, which one of the following sectors was the most important economic activity ?

- a. Primary
- b. Secondary
- c. Tertiary
- d. Quaternary

5. Activities in which natural products are changed into other forms come under which one of the following sector ?

- a. Primary
- b. Secondary
- c. Tertiary
- d. Quaternary

6. The products received by exploiting natural resources come under which one of the following sectors ?

- a. Quaternary
- b. Tertiary
- c. Secondary
- d. Primary



7. Choose the incorrect option from the following:

List-I		List -II	
(a)	Courier	(i)	Tertiary Sector
(b)	Fisherman	(ii)	Primary Sector
(c)	<b>Carpenter</b>	(iii)	<b>Primary Sector</b>
(d)	Banker	(iv)	Tertiary Sector

8. The Sectors are classified into public and private sector on the basis of:

- a. Employment conditions
- b. The nature of economic activities
- c. Number of workers employed
- d. **Ownership of enterprises**

9. When we produce a good by exploiting natural resources, it is an activity of the:

- a. Secondary sector
- b. Tertiary sector
- c. **Primary sector**
- d. Organised sector

10. The service sector includes activities such as:

- a. agriculture, dairy, fishing and forestry
- b. making sugar, gur and bricks
- c. **transport, communication and banking**
- d. None of these

11. Choose the correct meaning of organised sector:

- a. **It covers those enterprises where the terms of employment are regular.**
- b. It is outside the control of the government.
- c. Jobs are not regular
- d. It provides low salaries

12. Which of the following is included in tertiary sector?

- a. ATM booths
- b. Call centres
- c. Interned cafe
- d. **All of them**

13. Government owns most of the assets and provides all the services:

- a. Private Sector
- b. **Public Sector**
- c. Organised sector
- d. Tertiary Sector

14. The value of all final goods and services produced within a country during a particular year is called as:

- a. **Gross Domestic Product**
- b. Ne Domestic Product
- c. National Product
- d. Production of Tertiary Sector



15. \_\_\_\_\_ refers to the activities which are undertaken by people with the object of earning money.

Ans. Economic activities

16. A housewife looking after the household is an example of \_\_\_\_\_

Ans. Non- economic activities

17. All goods which are used as raw material for further production of other goods or for resale in the same year are called \_\_\_\_\_.

Ans. Intermediate goods

18. The Act guaranteed 100 days of employment in year or unemployment allowances to the people should be provided by the government is known as \_\_\_\_\_.

Ans. Mahathma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005)

19. Which one of the following activities comes under 'Primary sector'?

a. Mining                      b. Transport                      c. Education                      d. Storage

20. There is no provision for overtime, paid leave, holiday etc. In unorganized sector.

[True/False]

Ans. True, as the jobs are not regular and lack in security.

21. The objectives of public sector is to maximize profits. [True / False]

Ans. False, as the objective of public sector is to promote public welfare and not to maximize profits.

22. Railways comes under public sector. [True / False].

Ans. True, as the government owns them.

23. Capital is the only factor of production. [True / False].

Ans. False, as labour and land are also factors of production.

24. What is economic development?

Ans. Economic development means that the rate of production must be faster than the rate of increase in population. In other words, we can say that it makes people better off by increasing their command over goods and services and the choices open to them.

25. Name any activity done in primary sector?

Ans. In primary sector, goods are produced by exploiting natural resources.

26. Why is primary sector also called agriculture and related sector?

Ans. Primary sector, is also called agriculture and related sector because most of the natural products we get are from agriculture, diary, fishing, forests etc.



**27. What activities are done in the secondary sector?**

**Ans.** In secondary sector, natural products are changed into other forms through different ways of manufacturing.

**28. How is public sector different from private sector?**

**Ans.** In the public sector, the government owns most of the assets and provides all the services. But in the private sector, the ownership of assets and delivery of services is in the hands of private individuals or companies.

**29. What does the tertiary sector include?**

**Ans.** Tertiary sector includes distribution of services, training and support.

**30. Identify any two services included in the tertiary sector in the recent times.**

**Ans.** Internet cafe, ATM booths, call centres, software companies etc.

**31. Define GDP.**

**Ans.** GDP refers to Gross Domestic Product, it is the value of all final goods and services produced within a country during a particular year.

**32. Which sector has grown considerably in the recent years?**

**Ans.** In the recent years, the tertiary sector has shown a considerable growth.

**33. Which sector has contributed the most to the employment?**

**Ans.** Primary sector has contributed the most to the employment.

**34. Where are most of the underemployed people found?**

**Ans.** Most of the underemployed people are found in agriculture.

**35. Where is the disguised unemployment found mostly?**

**Ans.** Disguised unemployment is mostly found in the agriculture sector.

**36. What was the most important sector of economic activities at the earliest stages of development?**

**Ans.** Primary sector was the most important sector of economic activities at the earliest stages of development.

**37. Suggest any one way to solve underemployment situation in rural areas.**

**Ans.** Underemployment in the rural areas can be solved by providing an easy access to the financial institution link banks and cooperatives to the rural population. So that easy loans can be availed by them.



38. Through which act is Right to Work implemented?

Ans. Right to Work is implemented through Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005.

39. Define the term enterprise.

Ans. When a person or a group of persons are engaged in the production or distribution of goods or services meant mainly for the purpose of sale, it is called an enterprise.

40. Mention any one feature of unorganised sector.

Ans. One feature of unorganized sector is that:

- a) The working conditions are very harsh.
- b) There are no benefits for the workers.
- c) There is no job security.

41. In which sector are a large number of workers losing their jobs since 1990?

Ans. Workers in the organized sector are losing their jobs since 1990.

**II. Multiple choice questions**

1. Which one of the following is a private sector industry?

- a. BHEL
- b. TISCO
- c. OIL
- d. SAIL

2. Which one of the following occupations suffers from underemployment?

- a. Teacher
- b. Casual labour
- c. Bank Employee
- d. Police Constable

3.

Column - I		Column - II	
(i)	Organised sector	(a)	Railways
(ii)	Public sector	(b)	Tata Iron and Steel Company Limited
(iii)	Private sector	(c)	Agriculture and farming
(iv)	Primary Sector	(d)	Job Security

- a. (i)-(D), (ii)-(A), (iii) -(B), (iv)-(C)
- b. (i)-(D), (ii)-(C), (iii)-(A), (iv)-(B)
- c. (i)-(C), (ii)-(A),(iii)-(B), (iv)-(D)
- d. (i) -(B), (ii)-(c ), (iii)-(D), (iv)-(A)

4. Analyze the information given below, considering one of the following correct options:

Sushila is a worker in garment export industry of Agra. She gets facilities like health insurance provident fund, overtime at a double rate, medical leave, etc. She is working



in :

- a. Tertiary sector
- b. Organised sector
- c. Unorganised sector
- d. None of the above

5. Analyze the information given below, considering one of the following correct options:

Laxmi, owning about three hectares of unirrigated land dependent only on rain and growing crops like jowar and arhar. All seven members of her family work in the field throughout the year. You will see that everyone is working, none remains idle, but in actual fact their labour effort gets divided. Each one is doing some work but no one is fully employed.

- a. Underemployment
- b. Disguised unemployment
- c. Seasonal unemployment
- d. Both (A) and (B)

6. Rakesh works in an automobile unit in Gurugram. But he does not get any facility like health insurance, medical leave, provident fund, gratuity, etc. He is working

in:

- a. Public sector
- b. Organised sector
- c. Private sector
- d. Unorganised sector

### I. Assertion & Reason

**Directions :** In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

- (A) Both [A] and [R] are true, and [R] is the correct explanation of [A].
- (B) Both [A] and [R] are true, but [R] is NOT the correct explanation of [A].
- (C) [A] is true, but [R] is false.
- (D) [A] is false but [R] is true.

1. **Assertion (A)** : Not every good or service 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.



Ans: Option (A) is correct.

2. **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.

Ans: Option (C) is correct.

3. **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 330 districts of India.

Ans: Option (A) is correct.

4. **Assertion (A)** : Primary sector is a backbone for secondary sector.

**Reason (R)** : Primary sector provides raw material to secondary sector to convert it into finished goods.

Ans: Option (A) is correct.

5. **Assertion (A)** : Indian government has launched many schemes to generate more Employment opportunities.

**Reason (R)** : The target to achieve 100% employment in India is still far ahead.

Ans: Option (B) is correct.

In the given questions (Q.8 and Q.9), there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option from the following:

- a) A is correct but R is wrong
- b) A is wrong but R is correct.
- c) Both A and R are true and R is the correct explanation of A.
- d) Both A and R are true but R is not the correct explanation of A.

1. **Assertion (A)** : Intermediate goods are used up in producing final goods and services.

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

Ans: Option (D) is correct.



2. **Assertion (A)** : Workers in the agricultural sector are underemployed.

**Reason (R)** : There are more people in agriculture than is necessary. People are apparently working but all of them are made to work less than their potential.

**Ans: Option (C) is correct.**

## II. Assertion & Reason

**Directions** : In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

(A) Both [A] and [R] are true, and [R] is the correct explanation of [A].

(B) Both [A] and [R] are true, but [R] is NOT the correct explanation of [A].

(C) [A] is true, but [R] is false.

(D) [A] is false but [R] is true.

1. **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

**Ans: Option (C) is correct.**

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

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

**Ans: Option (C) is correct.**

3. **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.

**Ans: Option (A) is correct.**

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

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

**Ans: Option (B) is correct.**



5. **Assertion (A)** : Banking sector in India falls under the category of organised sector.

**Reason (R)** : Terms of work are already decided in banking and employees enjoy job security.

**Ans:** Option (A) is correct.

### I. Short Answer Type Questions.

(3 marks each)

1. **Why is the tertiary sector becoming more important in India ? Explain. [OR]**  
**Why is the 'tertiary sector' becoming important in India? Explain any three points.**

**Ans.** (i) Development of services such as transport, trade and storage promote agriculture and industry.

(ii) Rise in income level.

(iii) Development of information and communication technology.

(iv) It provides larger number of employment.

2. **"Tertiary sector activities help in the development of the primary and secondary sectors."** Evaluate the statement.

**Ans. 'Tertiary sector activities help in the development of the primary and secondary sectors'**

i) Tertiary sector activities, by themselves, do not produce any good but they are an aid or support for the primary and secondary sectors production process. For example, the transport, trade, storage, etc., helps the primary sector industries like agriculture.

ii) Tertiary sector comprises several essential services such as hospitals, educational institutions, post and telegraph services, police stations, courts, defence, transports, banks, etc. All these are required as basic services that helps the primary and secondary sectors.

iii) Over the past decade or so, certain new services such as those based on information and communication technology have become important and essential.



3. "Primary sector was the most important sector of economic activity at initial stages of development." Evaluate the statement.

**Ans.**

i) The general pattern that has been observed in developed countries is as follows:

The history of developed countries indicates that during the initial stage of development, the primary sector was the most important sector of the economy. As the methods of farming changed and agricultural sector began to prosper, it produced more food than required. At this time, most of the people were employed in this sector.

ii) Gradually, when new methods of manufacturing were introduced, factories came up and production started expanding. In this way, the secondary sector gradually became the most important in production as it also generated employment in factories.

iii) Over the past century, there has been a further shift from secondary to the tertiary sectors in developed countries. The service sector has become the most important sector.

4. "The pace of change in the communication sector has been rapid in modern times." Support the statement with examples.

**Ans:** Communication is the act of conveying intended meanings from one entity or group to another through the use of mutually understood signs and semiotic rules. From the earliest times, human beings have felt the need to communicate with each other. "The pace of change in the communication sector has been rapid in modern times." The latest advances in communication are about enabling communication over long distances without the need for change in location of the sender or receiver. India's postal service is the largest of its kind in the world where the services are provided by the department of Posts of Government of India. Similarly, the telecom network in India is the largest in Asia, with about 37,565 telephone exchanges spread all over the country. Radio, television,



cinema, books, newspapers, magazines and the internet serve the dual purpose of providing entertainment and information to the masses.

**5. Underemployment continues to be rampant in rural areas. Suggest and explain any three ways through which employment for rural people can be generated.**

**Ans. Employment generation in rural areas:**

- (i) People can be employed in projects like construction of dam/canal/roads in the village.
- (ii) Government invests and employ people in providing transportation and storage services.
- (iii) People can be employed in services like banking, trade, etc.
- (iv) Government can identify, promote industries and services in semi-rural areas to enhance employment.
- (v) Government can open centres to give them training and financial assistance to help them become self-employed.

**6. How does public sector contribute to the economic development of the nation ? Explain.**

**7. How do we count various goods and services for calculating Gross Domestic Product (GDP) of a country ?**

**Ans. Gross Domestic Product :**

- (i) The calculation of GDP is undertaken by central government ministry.
- (ii) The value of all final goods and services produced within a country during a particular year are calculated.
- (iii) The value of final goods and services in the three sectors are calculated by different government departments.

**Detailed Answer :**

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. And the sum of production in the three sectors, *i.e.*, primary, secondary and tertiary sectors, gives what is called the Gross Domestic Product (GDP) of a country. It is the value of all final goods and services produced within a country during a particular year. GDP shows how big the economy is. For



example, if the year-to-year GDP is up by 3%, this is thought to mean that the economy has grown by 3% over the last year.

**8. Suggest any three measures through which under employment in agriculture sector can be minimized.**

**Ans:** (i) By introducing mega projects like new dam, canals and other irrigation projects.

(ii) By introducing tertiary facilities in an area.

(iii) To identify, promote and locate industries and services in semi-rural areas.

(iv) It is also possible to set up industries that process vegetables and agricultural produce like potato, sweet potato, rice, wheat, tomato, fruits which can be sold in outside markets.

(v) By promoting tourism.

(vi) Promotion of regional craft industry.

(vii) Promote new services like IT. Some of these would require proper planning and support from the government.

**9. Distinguish between economic and non-economic activities.**

**Ans.**

<b>Economic Activities</b>	<b>Non-Economic Activities</b>
a) These activities give an income in return	a) These activities do not give any income in return.
b) These are done to earn a livelihood.	b) These are done out of compassion, love and care.
c) For example, people going for work in factories, farms, banks, hospitals, schools, etc.	c) For example, doing social work, helping the poor, going to temple. etc.

**10. What are sectors? Classify the economic activities.**

**Ans.** Sectors are group of economic activities classified on the basis of some criteria.

Three types of classification of economic activities are:

a) On the basis of nature of activity:



- i) Primary Sector
  - ii) Secondary Sector
  - iii) Tertiary sector
- b) On the basis of conditions of work:
- i) Organised sector
  - ii) Unorganised sector
- c) On the basis of ownership of assets:
- i) Public sector
  - ii) Private sector

**11. Distinguish between primary, secondary and tertiary activities with examples.**

**Ans.**

- a) **Primary activities:** Primary activities are directly dependent on environment as these refer to utilisation of earth's resources such as land, water, vegetation, building materials and minerals. It, thus, includes hunting and gathering, pastoral activities, fishing, forestry, agriculture, and mining and quarrying.
- b) **Secondary activities:** Secondary activities add value to natural resources by transforming raw materials into valuable products. Secondary activities, therefore, are concerned with manufacturing, processing and construction (infrastructure) industries.
- c) **Tertiary activities:** Tertiary activities include both production and exchange. The production involves the provision of services that are consumed. Banking, transportation, communication, teaching nursing, etc. Are tertiary activities.

**12. Does tertiary sector include only the service that help in the production of goods?**

**Ans.** No, Tertiary sector also includes some essential services that may not help directly in the production of goods. It includes some personal service providers like washer men, barbers, cobblers, maids, teachers and doctors. This sector also includes certain new services based on Information Technology like cyber cafes, ATM booths, call



centres and software companies. Comparing the three sectors, each of the sectors - primary, secondary and tertiary - produces a large number of goods and services.

**13. "Tertiary sector activities help in the development of the primary and secondary sectors." Evaluate the statement.**

**Ans.** After primary and secondary sectors, there is a third sector called the service sector also known as tertiary sector. Activities that fall under the service sector help in the development of the primary and secondary sectors by not directly producing a good but helping these sectors by activities that act as 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. At times, it may be necessary to store these goods in godowns. We may also need to talk to others over telephone or send letters (communication) or borrow money from banks (banking) to help production and trade. Transport, storage, communication, banking and trade are some examples of service or tertiary sector.

Since these activities generate services rather than goods, they promote primary and secondary sectors by providing expertise, finance, transportation, advertisement, etc.

**14. How are the three sectors economically interdependent? Explain.**

**OR**

**Explain the interdependence of all three sectors giving examples from transportation system.**

**Ans.** All the three sectors, primary, secondary and tertiary, are interdependent to reach other in the following ways. Primary sector makes possible the extraction of natural resource like iron. This iron is then taken to the secondary sector for manufacturing through the transportation system like trucks. The extraction process is supported by the financing and information technological institutions.

It is through the secondary sector that the natural resource iron is changed into other forms through the process of manufacturing. Manufacturing again need the support



of the service sector in the form of engineers, electricians, etc. Iron is changed into iron sheets and then into vehicle 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.

**15. How do we come to know the total production in any one of the three sectors?**

**What are the problems associated with it? How can these problems be overcome?**

**Ans.** To know the total production in any one of the three sectors, we need to count the goods and services produced in that sector in a financial year. This counting of goods and services involves two problems:

- a) There are too many goods and services produced. So, counting them would be a difficult task.
- b) Sometimes intermediate goods are also counted. It is called double counting. It will not give the actual figures of goods and services produced. These problems can be overcome by adding the values of final goods and services produced rather than the actual numbers.

Value = price  $\times$  quantity

For instance, if 10,000 kg of wheat is sold at Rs. 8 per Kg, then value of wheat will be Rs. 80,000.

**16. What precaution should be taken while estimating total productions?**

**OR**

**How do we count various goods and services for calculating Gross Domestic Product (GDP) of a country? Explain with example.**

**Ans.** Not all goods and services that are produced and sold need to be counted. We count only final goods and services and not intermediate goods. This is because intermediate goods (e.g. cotton, sugar, flour etc.) are used up in production of final goods and services (e.g. cloth, biscuits etc.) Thus, the value of final goods and services already includes the value of intermediate goods. If we include the value of intermediate goods separately, it will lead to double counting.



Consider this example, a farmer sells wheat to a flour mill for Rs. 8/kg, the mill grinds it and sells the flour at Rs. 10/kg to a biscuit company. The biscuit company used the flour along with sugar and oil to make four packets of biscuits and sells it to consumers for Rs. 60 (@Rs. 15/packet). The biscuits are the final goods here and their value (Rs. 60) already includes the value of intermediate goods like flour. Thus, if we count the value of flour again we will be counting the value of the same thing a number of times. First as wheat, then as flour and finally as biscuits.

**17. What are the steps involved in the estimation of GDP? Who conducts this process?**

**Ans.** Step involved in the estimation of GDP are as follows.

- a) First, the total production of each sector is calculated by adding the values of final goods and services produced in that sector in a year.
- b) Then the production of all the three sectors is added, the sum of which is called the Gross Domestic Product (GDP).

Estimation of GDP in India is measured by central government ministry with the help of various governments of states and union territories. It collects information about the total volume (number) of goods and services and their prices and then estimates the GDP.

**18. Highlight any three factors responsible for the growth of service sector in the Indian economy.**

**Ans.** The following are the three factors responsible for the growth of service sector in the Indian economy.

- a) In every country certain basic services like hospitals, educational institutions, post offices and police stations are required for the betterment of the citizens. It is the responsibility of the government to provide these services to the people.
- b) Development of primary and secondary activities leads to the development of services like transport, trade and storage.
- c) The income levels of the people have increased. People, thus, demand for services such as tourism, professional training and shopping.



d) In the recent years, certain new services based on Information and Communication Technology have become important and essential, which has further increased the production of these services.

**19. Why has the entire tertiary sector not given grown in importance? Explain.**

**Ans.** The entire tertiary sector has not grown in importance because of the following reasons:

**Peculiarity of skills in the tertiary sector:** Highly-educated and skilled professionals only are able to get employment. Other engage themselves in low-paid jobs.

**High incomes:** Higher incomes are available for the top-level administrative jobs only. Low-paid jobs do not attract employment.

**No job security:** Large number of workers are casual with irregular and low incomes barely to sustain livelihoods.

**20. Why does the primary sector in India continue to be the largest employer in 1972-1973 as well as in 2011-12?**

**Ans.** The primary sector continues to be the largest employer because enough jobs have not been created in the secondary and tertiary sectors. Industrial output or production of goods has increased by more than nine times, but the employment in the industry has increased by around three times only. Similarly in tertiary sector, the production has increased by 14 times but the employment has increased only around five times. The primary sector still employs about more than half of the workers in the country. Both the secondary and the tertiary sectors offer a limited number of services which employ highly-skilled and educated workers. Not all are able to get employment in these sectors. Hence, they retain in the primary sector which requires less skills and no education.

**21. Enumerate the status of employment in India.**

**Ans.** The following points show the status of employment in India.

a) The distribution of work force has improved but even today primary sector continues to be the largest employer. A remarkable feature about employment's situation in India is that there has been a shift directly from primary sector to tertiary sector in India.



- b) Though agriculture contributes less than one-fourth to the national income, it employs more than half of the workforce. This is because there are not enough jobs in secondary and tertiary sectors.
- c) We face a situation of underemployment in our country. A person is willing to work but is not able to get employment of his choice. Disguised unemployment is very common in the agriculture sector. There are more people working on the fields than required. If the extra people are removed, output remain the same.
- d) Apart from that, the secondary and tertiary sector employs people with high skills and education. There are people like painters, plumbers and repair persons, who may spend the whole day working but earn very little.

**22. What is disguised unemployment? Explain with an example each from urban and rural areas.**

**Ans.** Refer to Ans. 10 (NCERT)

**23. Why does disguised employment not help in productivity of a country? Explain with the help of an example.**

**Ans.** Disguised employment means that more number of people employed in an economic activity than required. If these extra people are removed, there will be no effect on the production. They seem to be employed but actually they are not. The workforce is not being used to its potential. They divide the work but do not increase production.

They do not help in increasing the productivity as their efforts are not economic. For example, in the rural areas, the entire family is engaged in the production of crops on the same piece of land. If there are ten people in the family, three people can manage the production. If the extra seven people are removed the productivity will be the same. They seem to be making no contribution. Hence, it is truly stated that disguised or hidden employment does not help in productivity of a country.

**24. How did NREGA 2005 bring upliftment of the rural people? Explain.**

**Ans.** The NREGA 2005 has helped in the upliftment of Rural people in the following manner.



- a) **Guaranteed Employment:** Any adult member of a rural household applying for work under the Act is entitled to employment. Every rural household is entitled to 100 days of employment.
- b) **Guaranteed Wages:** Wages are to be paid on a weekly basis and not beyond a fortnight. Wages are to be paid on the basis of Centre-notified, State-specific NREGA wage list.
- c) **Unemployment Allowance:** If work is not provided within a defined period, the state is expected to pay an unemployment allowance to the people.

**25. Explain the objectives of implementing the NREGA 2005.**

**Ans.** Refer to Ans. 17 (NCERT).

**26. Highlight the features of unorganised sector.**

**Ans.** The following are the features of the unorganized sector.

- Working hours are more and harsh.
- No job security is there.
- No employment benefits are given.
- Employees work in poor working conditions.

**27. Distinguish between Final Goods and Intermediate Goods.**

**Ans.**

<b>Final Goods</b>	<b>Intermediate Goods</b>
a) The goods are either for final consumption or for capital formation.	a) The goods which are used up in producing the final goods and services
b) The value of Final Goods is included in National Income.	b) The value of Intermediate goods is not included in National Income.
c) E.g. Television, bread or bakery products etc.	c) E.g., Flour, Cotton etc.

Next Generation School



**28. What constitutes the unorganised sector in urban areas? Why do workers in this area need protection?**

**Ans.** In the urban areas, unorganised sector comprises mainly small-scale industry, casual workers in construction, trade and transport, street vendors, head-load workers, garment makers, rag pickers etc. All these workers constitute unorganised sector in urban areas.

A majority of workers in the unorganised sector are from scheduled castes, scheduled tribes and backward communities. Workers in unorganised sector urban areas need protection because, besides getting the irregular and low-paid work, these workers also face social discrimination. They are looked down upon but the people in urban areas. Protection and support to the unorganised sector workers is thus necessary for both economic and social development.

**29. How far is it correct to say that several services which cannot be provided by private sector can be provided by the public sector? Explain.**

**Ans.** A few examples of public sector activities are Indian Railways, water, electricity board and modes of transport.

There are several necessities of common man, but it is not possible for the private sector to provide all these things at reasonable cost. For example, water and electricity are the basic needs of everyone. If the work of providing these is given to private sector then the latter can exploit this opportunity by selling the same at high rates. Therefore the supply of basic amenities is given to the government so that it provides these facilities to the people at low and affordable rates, ensuring the smooth and uninterrupted supply to the public.

## II. Short Answer Type Questions.

(3 marks each)

1. Why is organized sector preferred by the employees? Explain.

OR

Why do people prefer to work in organised sector? Explain.

**Ans. Advantages of organised sector:**

(i) People enjoy security of employment.



(ii) Work for fixed hours.

(iii) If they work more, they get overtime allowances.

(iv) Paid leaves, payment during holidays, medical benefits, safe working environment and pension after retirement.

**2. Distinguish the service conditions of organised sector with that of unorganized sector.** OR

**What are the differences in the employment conditions between organised and unorganized sectors of the economy?** OR

**In what three ways is organised sector better than unorganized sector? Explain.**

**3. How can the workers in the unorganized sector be protected? Explain.**

**Ans. In the unorganized sector, mostly landless agricultural labourers, small and marginal farmers, and artisans are included. These workers can be protected in the following ways:**

- (i) Farmers need to be supported through adequate facility for timely delivery of seeds, agricultural inputs, credit, storage and marketing outlets.
- (ii) In urban areas, casual workers need government support for procuring raw material.
- (iii) Small scale industries also need support for procuring raw material and marketing of the goods.

**4. Why is agriculture an activity of unorganized sector in India? Explain.**

OR

**Agriculture is an unorganized sector activity in India. Do you agree with this statement? Justify your answer with suitable examples.**

**Ans. In agriculture activities, people are exploited like landless labourers.**

- i) Their income level is low.
- ii) There is no job security
- iii) Agriculture is seasonal in nature and there is no fixed pay.
- iv) No other benefits such as pension, medical facility, paid leave, provident Fund, safe environment, etc., are available.



## I. Long Answer Type Questions.

(5 mark each)

1. 'Tertiary sector is playing a significant role in the development of Indian Economy.' Justify the statement.

Ans:

- i) **Basic services:** Services such as hospitals, educational institutions, post and telegraph services, transport, banks, insurance companies are in this group
- ii) **Development of primary and secondary sector:**  
The development of agriculture and industry leads to the development of services such as transport, trade and storage.
- iii) **Rise in income levels:** As income levels rise, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospitals, private schools and professional training centres.
- iv) **Rise in information technology:** Over the past decade or so, certain new services, such as those based on information and communication technology, have become important and essential.
- v) **Globalization:** Due to globalization, people have become aware of new services and activities, and communication because of which the tertiary sector has gained importance.

2. Why is agriculture called the backbone of Indian economy? Explain.

Ans. Agriculture is the backbone of the Indian economy because:

- (i) In India, about 52% people were engaged in agriculture sector in 2010-2011.
- (ii) It provides raw materials to industries.
- (iii) It helps earn foreign exchange for the country through export of agricultural produce.
- (iv) The agricultural sector contributes almost one third of our GDP.
- (v) The sector also provides food for our teeming population.



3. Highlight any five reasons for the importance of tertiary sector in India.

OR

Explain why service sector is gaining more importance in the global economy.

OR

Ans. Tertiary sector in India has been growing rapidly for a number of reasons :

- i) In a developing country, the government has to take responsibility for the provision of basic services. For example, hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc.
- ii) The development of agriculture and industry led to the development of services such as trade, transport, storage, etc. Greater the development of the primary and secondary sectors, more would be the demand for such services.
- iii) As income levels rise, certain sections of people start demanding many more services, such as eating out, tourism, shopping malls, private hospitals, private schools, professional training, etc. This change is quite sharp in cities, especially in big cities.
- iv) Over the past decade or so, certain new services, such as those based on information and communication technology have become important and essential.
- v) Government policy of privatisation has also led to the growth of this sector.
- vi) A large number of workers are engaged in services, such as small shopkeepers, repair persons, transporters, etc.
- vii) However, the entire sector has not grown. Large numbers of people engaged as construction workers, maid, peons, small shopkeepers, etc., do not find any change in their life.

4. How are the three sectors of the economy different from each other? Explain.

OR

Explain the three sectors of economic activities with the help of examples

OR

Explain the primary, secondary and tertiary sectors by giving examples of each.



**Ans. Classification of economic sectors on the basis of nature of activities are as follows:**

- i) **Primary sector:** When we produce goods by utilizing natural resources, it is an activity of the primary sector, such as agriculture, dairy farming, fishing, forestry
- ii) **Secondary sector:** In this, natural products are changed into other forms through manufacturing that we associate with industrial activity. The product is not produced by nature but has to be made and therefore, some process of manufacturing is essential. For example, using cotton fibre from the plant we spin, yarn and weave cloth.
- iii) **Tertiary sector:** It helps in the development of the primary and secondary sectors. They provide an aid or support for the production process. Transport, storage, communication, banking, trade are some examples of tertiary activities.

**5. 'Public sector contributes to the economic development of India.' Justify the statement.**

**Ans:**

- i) It promotes rapid economic development through creation and expansion of infrastructure.
- (ii) It creates employment opportunities.
- (iii) It generates financial resources for development.
- (iv) It is ensuring equality of income, wealth and thus, a balanced regional development.
- (v) It encourages development of small, medium and cottage industries.
- (vi) It ensures easy availability of goods at moderate rates.
- (vii) Contributes to community development, Human Development Index, i.e., health and educational services.

**6. What is unorganized sector? Describe the working procedure of this sector.**

**OR**

**Workers are exploited in an unorganised sector. Do you agree with this statement? Justify your answer with five relevant points.**

**OR**



Define the term 'Unorganized Sector'. Mention any six disadvantages of working in this sector.

OR

"Workers are not exploited in organised sector". Do you agree with the statement? Explain reasons in support of your answer.

**Ans. Unorganized Sector :** Unorganized sector is a sector which has small and scattered units largely outside the control of the government. Yes, workers are exploited in the unorganized sector. Reasons are as follows:

- i) There are no rules and regulations followed.
- ii) Jobs are low paid and often not regular
- iii) No provision of overtime is there and no paid holidays or leave is given.
- iv) Employment is not secure. People can be asked to leave without reason.
- v) Some kind of work is seasonal in nature and temporary workers are employed. They become unemployed after the season is over.
- vi) No other facilities like provident fund, gratuity or sick leave are given.
- vii) Working conditions are often poor. No allowances are given.
- viii) No medical benefit is given.

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

**Ans.** The history of developed countries indicates about the shifts that have taken place between the sectors as given below.

- a) In the initial stages, the primary sector was the most important sector. Most of the people were employed in this (agricultural) sector.
- b) With the changes in the method of farming, the production increased tremendously. Now people could do other activities such as trading. They, therefore, became craft persons and traders. Increase in production of grains and other things led to the growing need for transportation and other facilities. But in spite of this, at this stage, most of the goods produced were natural products from the primary sector and most people were also employed in this sector.



- c) With the passage of time, machines were invented, Factories were established to manufacture various goods. Gradually, the industries were established and industrial sector employed more and more people. As a result of these changes, the secondary sector became more important in total production and employment. Thus, the importance of the sectors had changed.
- d) In the past 100 years, there has been a further shift from secondary to tertiary sector in developed countries. Tertiary sector is also called service sector because it provides basic services such as teachers, doctors, lawyers, internet cafe and ATM booths. Tertiary sector became most important in terms of production.
- e) At present, tertiary sector employs the maximum number of people. So there has been a shift from primary sector to secondary sector and then to tertiary sector or service sector in the developed countries.

**8. 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?**

**Ans.** In case of developed countries, the evolution of the economy happened on the 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. The employment generation also kept pace with related changes in different. The growth of the primary sector was not followed by the growth of the secondary sector, rather it was the tertiary sector which took the lead. But employment generation in either the secondary or tertiary of people depend on the primary sector for employment; compared to the other two sectors. This shows a disturbing trend because the primary sector is beset with the problem of hidden unemployment.

**9. Give five reasons for the rising importance of the tertiary sector in productions.**

**OR**

**Why is the 'tertiary sector' becoming important in India? Explain any three reasons.**

**Ans.** Tertiary sector is the service sector that provides support to the primary and secondary sectors and to itself. Over the forty years, between 1973 and 74, and 2013 and



14, while production in all the three sectors has increased, it has increased the most in the tertiary sector. The following factors are making the tertiary sector important in India.

- a) **Basic Services:** In any country, several services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks and insurance companies, are required. These can be considered as basic services. In a developing country, the government has to take responsibility for the provision of these services.
- b) **Development of primary and secondary sector:** The development of agriculture and industry leads to the development of services such as transport, trade and storage. The greater the development of the primary and secondary sectors, the more would be the demand for such services.
- c) **Rise in income levels:** As income levels rise, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospitals, private schools and professional training centres. We can see this change quite sharply in cities, especially in big cities.
- d) **Rise in information technology:** Over the past decade or so, certain new services, such as those based on information and communication technology have become important and essential. The production of these services has been rising rapidly.
- e) **Globalization:** Due to globalization, people have become aware of new services and activities, and communication because of which the tertiary sector has gained importance.

**10. Name the sector that is the largest employer in India. Why does this sector produce only a quarter of the GDP?**

**Ans.** The primary sector is the largest employer in India. This sector produces only a quarter of the GDP because of the following reasons.

- a) Productivity in the primary sector is very low because of the use of outdated means of production.
- b) Land holdings are very small, which cannot produce the desired output.



- c) Primary sector lacks modern irrigational facilities. Dependence on monsoons add to the problem.
- d) The government has not been able to provide an effective system of financing and transportation in the rural areas.
- e) Difficulty in accessing the marketing facilities.
- f) Absence of alternative employment in the rural areas.

**11. Enumerate the causes of rural unemployment in India.**

**Ans.** The following are the causes of rural unemployment in India.

- a) **Lack of education and Skill:** Rural areas are far behind in education and thus are not able to access required skill.
- b) **Less scope for industrialization:** Industries are generally not set up in the rural areas due to lack of services.
- c) **Stress on family occupation:** More family members are supposed to assist in production of crops rather than going for other occupations because of the fact that agriculture is labour intensive.
- d) **No access to opportunities:** Rural areas and occupations are devoid of investment. This makes the inadequate opportunities.
- e) **Lack of Infrastructure:** Seasonal roads, lack of electricity, etc. Keep the rural areas for behind development.

**12. How can more employment opportunities be created in the rural areas?**

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

- a) Loans should be provided to small farmers by the government or bank to have more irrigation facilities like wells and tube wells in order to enable them to grow second crop.
- b) New dams and canals should be constructed. This will lead to more employment in the agricultural sector.
- c) Transportation and storage facilities must be improved to provide productive employment to not only the farmers but also to others in services like transport and trade.



- d) Bank should provide agricultural credit to the farmers for farming to improve.
- e) Industries such as dal mill, cold storage, honey collection centres and processing of vegetables should be set up in rural or semi-rural areas. Such industries will get raw materials from the rural areas and will create more employment opportunities for the rural people.
- f) More schools should be opened in rural areas. This will provide jobs to about 20 lakh people in the education sector.
- g) Health services should be improved by opening dispensaries and hospitals. This will create jobs for doctors, nurses and other staff.
- h) Tourism, regional craft industry and Information Technology should be encouraged by the government to create more employment opportunities.

**13. In what ways can employment be increased in urban areas?**

**Ans.** Urban unemployment is characterised by the existence of both open unemployment, which in turn is an offshoot of rural unemployment itself, and the educated unemployment. Main cause of urban unemployment are insufficient economic development, defective system of education and slow growth of industrialisation.

Urban unemployment can be increased in the following ways.

- a) Reform of the educational system to make it vocational at the school stage.
- b) Concrete action will have to be taken to promote decentralisation and dispersal of industrial activity.
- c) Promotion of small-scale industries and encouragement to self-employment by banks.
- d) Develop techniques of production that can be taken up with low capital intensity.
- e) Provision of infrastructure like railways, roads, hospitals and schools which will not only create employment opportunities but also contribute to development.

**14. What is Planning Commission (now NITI Aayog)? What have been its findings?**

**Ans.** Planning Commission (now NITI Aayog) is a body set up by the Central Government that conducts economic survey and chalks out programmes and policies to tackle economy-related issues.



The following have been the findings of the Planning Commission.

- a) 20 lakh jobs need to be created in the education sector alone.
- b) There is a dire need to improve health standards by appointing doctors, nurses and health workers, especially in the rural areas.
- c) Development of income generating potentials like tourism, regional craft, etc. In the rural areas through proper planning. It has been said that if tourism as a sector is improved, every year we can give additional employment to more than 35 lakh people.
- d) Development of IT sector, which could generate employment to lakhs of people in the urban areas.

15. Distinguish between organised and unorganised sector by stating any five points of distinction.

OR

Compare the service conditions of organised sector with unorganised sector.

OR

Compare the employment/working conditions prevailing in the organized and unorganized sectors.

Ans. Refer to Ans. 16 (NCERT)

16. Explain the advantages of working in an organized sector.

Ans. The following are the advantages for the workers in the organised sector.

- a) Workers in the organised sector enjoy security of employment.
- b) They work only a fixed number of hours. If they work more, they have to be paid overtime by the employer.
- c) They also get several other benefits from the employers like paid leave, payment during holidays, provident fund and gratuity.
- d) They also get medical benefits and, under the laws, the employer has to ensure facilities like drinking water and a safe working environment.
- e) When they retire, these workers get permission as well.



### 17. What are the disadvantages of unorganised sector?

**Ans.** The following are the disadvantages of unorganised sector.

- a) Workers get less wages.
- b) Such sectors are not registered by the government.
- c) They are characterised by small and scattered units which are largely outside the control of the government.
- d) There are rules and regulations but these are not followed.
- e) There is no provision for overtime, paid leave, holiday, leave due to sickness, etc.
- f) Employment is subject to high degree of insecurity. People can be asked to leave without any reason.

### 18. How can the workers in the unorganised sector be protected?

**Ans.** As the workers in the unorganised sector are low-paid, not regular and are exploited in different ways, there is a need for their protection. The following steps should be taken to provide protection and support to them.

- a) Generally, the vulnerable people in the unorganized sector are landless agricultural labourers, small and marginal farmers, carpenters, etc. Who should be given support by the government. For example, small farmers, who comprise eighty per cent of the rural households, should be supported in procuring seeds, agricultural inputs, credit storage facilities and marketing outlets.
- b) In urban areas, government should help small-scale industry in procuring raw material and marketing of goods.
- c) The interests of the casual workers in rural as well as urban areas must be protected by law.
- d) As majority of the workers are generally from low castes, they are also socially discriminated. The government should take steps to ensure equal treatment for all.
- e) Minimum Wages Act should be passed and enforced strictly.
- f) The government should take steps to ensure regulation of working hours and grant of medical facilities, etc.



- g) The government should take strict action against those employers who discriminate on account of caste, creed and gender.

### 19. What is the role of government in public sector?

**Ans.** The following points sum up the role of government in public sector.

- a) **Welfare of the People:** The modern state is a welfare state that looks after the interests of its citizens. People pay different types of taxes and expect their representatives or the government to follow policies for their welfare. Services like railways, posts and telegraphs are run by the government for the welfare of the people.
- b) **Large expenditure:** Some activities like construction of roads need large sums of expenditure that cannot be borne by the private sector. So, the government takes up such activities in the interest of the people in a democracy.
- c) **Support of the government:** There are some activities that need support of the government in the form of subsidy such as provision of foodgrains for the poor through ration shops. The government buys wheat, paddy etc. At a higher price but sells at a lower price at ration shops.
- d) **Duty of the government:** It is duty of the government to raise the living standard of the people. It should make arrangements for quality education and health services in order to take care of the poorest and most ignored regions of the country through increase in expenditure in such areas. Thus, the government takes up various activities and spends a lot of expenditure in them.

### 20. Explain how public sector contributes to economic development of a nation.

OR

**How does public sector contribute to the development of the nation?**

**Ans.** Public sector contributes to economic development of a nation in the following ways.

- a) It promotes rapid economic development through creation and expansion of infrastructure.
- b) IT creates employment opportunities.



- c) It generates financial resources for development.
- d) It is ensuring equality of income, wealth and thus, a balanced regional development.
- e) It encourages development of small, medium and cottage industries.
- f) It ensure easy availability of goods at moderate rates.
- g) It contributes to community development, i.e. to the Human Development Index (HDI) via health and educational services.

## II. Competency Based Questions.

(4 marks each)

### Case Based MCQs

I. Read the extract given below and answer the questions that follows:

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 the primary sector. Since most of the natural products we get are from agriculture, dairy, fishing, forestry, this sector is also called agriculture and related sector. The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that we associate with industrial activity. It is the next step after primary. The product is not produced by nature but has to be made and therefore some process of manufacturing is essential. After primary and secondary, there is a third category of activities that falls under tertiary sector and is different from the above two. These are activities that help in the development of the primary and secondary sectors. These activities, by themselves, do not produce a good but they are an aid or a support for the production process. The various production activities in the primary, secondary and tertiary sectors produce a very large number of goods and services. Also, the three sectors have a large number of people working in them to produce these goods and services. 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. And the sum of production in the three sectors gives what is called the Gross Domestic Product (GDP) of a



country. It is the value of all final goods and services produced within a country during a particular year. GDP shows how big the economy is.

1. Production of a commodity, mostly through ways of manufacturing is an activity of which sector?

- a. Primary sector
- b. Secondary sector
- c. Tertiary sector
- d. None of the above

2. Which of the following is an example of tertiary activity?

- a. Cotton
- b. Transport
- c. Sugar
- d. All of the above

3. Which of the following statement is not true?

- a. When we produce a good by exploiting natural resources, it is an activity of the primary sector.
- b. The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing.
- c. Service sector is also called the industrial sector.
- d. None of the above.

4. Match the following list of occupations with their sectors:

Occupation		Sector	
1.	Workers in wood factory	i)	Primary
2.	Dairy	ii)	Secondary
3.	Banking	iii)	Tertiary

- a. 1 - (i), 2 - (iii), 3 - (ii)
- b. 1 - (ii), 2 - (i), 3 - (iii)
- c. 1 - (iii), 2 - (ii), 3 - (i)
- d. None of the above.

II. Read the source given below and answer the questions that follows:

Rajesh works in a bank as a bank manager. He goes regularly to his bank and attends his bank services from 9.00 a.m. to 6:00 p.m. He gets his salary at the end of every month. In addition to the salary, he also gets provident fund as per the rules laid down by the government. He also gets earned leaves, sick leaves and casual leaves. Apart from leaves, he receives medical and other allowances. Rajesh does not go to bank on Saturdays and Sundays. This is a paid holiday. When he joined bank, he was given an appointment letter



stating all the terms and conditions of work and his job is secure. Ram is Rajesh's neighbour. He is a daily wage labourer in a nearby grocery shop. He goes to the shop at 7:00 am in the morning and works till 10:00 p.m. in the evening. He gets no other allowances apart from his wages. He is not paid for the days he does not work. He has therefore no leave or paid holidays. Nor was he given any formal appointment letter saying that he has been employed in the shop. He can be asked to leave anytime by his employer if his job is not found satisfactory. His job is not secure.

Rajesh works in the organized sector whereas Ram works in an unorganized sector.

**Answer the following MCQs by choosing the most appropriate option**

- 1. Which of the following statement is not true with respect to organized sector?**
  - (A) Organized sector is registered by the government
  - (B) In organized sector the workers enjoy the security of employment
  - (C) In organized sector workers does not get several benefits**
  - (D) All of the above
- 2. Which of the following statements is an example of unorganised sector activities?**
  - A) A teacher taking classes in a school
  - (B) A daily wage labourer working under a contractor**
  - (C) A doctor in a hospital treating a patient
  - (D) A factory worker going to work in a big factory
- 3. In the rural areas, the unorganized sector mostly comprises of :**

(A) Landless agricultural labourers	(B) Small and marginal farmers
(C) Sharecroppers and artisans	<b>(D) All of the above</b>
- 4. In the urban areas, unorganised sector comprises mainly of**

(A) Workers in small-scale industry	(B) Casual workers in construction
<b>(C) Both (A) and (B)</b>	(D) None of the above

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III. Read the passage given below and answer the questions that follows:

**How do we count the various goods and services and know the total production in each sector ?**

With so many thousands of goods and services produced, you might think this is an impossible task! Not only would the task be enormous, you might also wonder how we can add up cars and computers and nails and furniture. It won't make sense!!! You are right in thinking so. To get around this problem, economists suggest that the values of goods and services should be used rather than adding up the actual numbers. For example, if 10,000 kgs of wheat is sold at ₹ 8 per kg, the value of wheat will be ₹ 80,000. The value of 5000 coconuts at ₹ 10 per coconut will be ₹ 50,000. Similarly, the value of goods and services in the three sectors are calculated, and then added up. Remember, there is one precaution one has to take. Not every good (or service) that is produced and sold needs to be counted. It makes sense only to include the final goods and services. Take, for instance, a farmer who sells wheat to a flour mill for ₹ 8 per kg. The mill grinds the wheat and sells the flour to a biscuit company for ₹ 10 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 ₹ 60 (₹ 15 per packet). Biscuits are the final goods, *i.e.*, goods that reach the consumers. Why are only 'final goods and services' counted?

In contrast to final goods, goods such as wheat and the wheat flour in this example are intermediate goods. Intermediate goods are used up in producing final goods and services. The value of final goods already includes the value of all the intermediate goods that are used in making the final good. Hence, the value of ₹ 60 for the biscuits (final good) already includes the value of flour (₹ 10). Similarly, the value of all other intermediate goods would have been included. To count the value of the flour and wheat separately is therefore not correct because then we would be counting the value of the same things a number of times. First as wheat, then as flour and finally as biscuits. 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. And the sum of production in the three sectors gives what is called the Gross Domestic Product (GDP) of a country. It is the value



of all final goods and services produced within a country during a particular year. GDP shows how big the economy is. 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.

**1. What method do the economists suggest in counting the various goods and services?**

**Ans.** In counting the various goods and service, economists suggest that the value of goods and services should be used rather than adding up the actual numbers

**2. What is Gross Domestic Product (G.D.P.)?**

**Ans.** The value of all final goods and services produced within a country during a particular period in all the three sector gives what is called the Gross Domestic Product (GDP) of a country.

**3. What is the role of Central Government Ministry in measuring GDP?**

**Ans.** 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.

**IV. Read the passage below and answer the following questions?**

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. As a result, in the year 2013-14, the tertiary sector has emerged as the largest producing sector in India replacing the primary sector.

**a) Which one of the following statements regarding tertiary sector is incorrect?**

- i. The activities under tertiary sector help in the development of the primary and secondary sectors.
- ii. The activities of tertiary sector, by themselves, do not produce a good but they are an aid or a support for the production process.



- iii. In the past 100 years, there has been a further shift from tertiary to secondary sector in developed countries.
- iv. While production in the service sector rose by 14 times, employment in the service sector rose around five times.

b) Which of the following services can be considered as basic services?

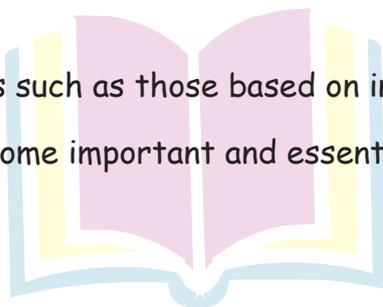
- i. Hospitals
- ii. Educational Institutions
- iii. Post and telegraph services
- iv. **All of the above**

c) In a developing country who has to take responsibility for the provision of basic services?

- i. **Government**
- ii. Private Sector
- iii. Primary Sector
- iv. Industrial Sector

d) Which of the following is the main reason why tertiary sector becoming so important in India?

- i. Development of agriculture and industry leads to the development of services.
- ii. As income levels rise, certain sections of people start demanding many more services.
- iii. Certain new services such as those based on information and communication technology have become important and essential.
- iv. **All of the above**



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**V. Read the passage below and answer the following questions:**

There are many activities that are undertaken by directly using natural resources. Take, for example, the cultivation of cotton. It takes place within a crop season. For the growth of the cotton plant, we depend mainly, but not entirely, on natural factors like rainfall, sunshine and climate. The product of this activity, cotton, is a natural product.

**a. There are many activities that are undertaken by directly using natural resources.**

**In which sector does this category of activities fall?**

- i. **Primary Sector**
- ii. Secondary sector
- iii. Tertiary sector
- iv. None of the above

**b. Why is cultivation of cotton considered as an activity of primary sector?**

- i. Because the growth of cotton plant depends mainly on natural factors like rain, sunlight.
- ii. The product of this activity, cotton, is a natural product
- iii. **Both (i) and (ii)**
- iv. None of the above

**c. Which of the following activities are undertaken by directly using natural resources?**

- i. Agriculture
- ii. Dairy
- iii. Fishing
- iv. **All of the above.**



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