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## ECBSE-X ECONOMICS SECTORS OF INDIAN ECONOMY

CBSE-X-ECONOMICS-SECTORS OF INDIAN ECONOMY



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### ECONOMICS

SECTORS OF INDIAN ECONOMY

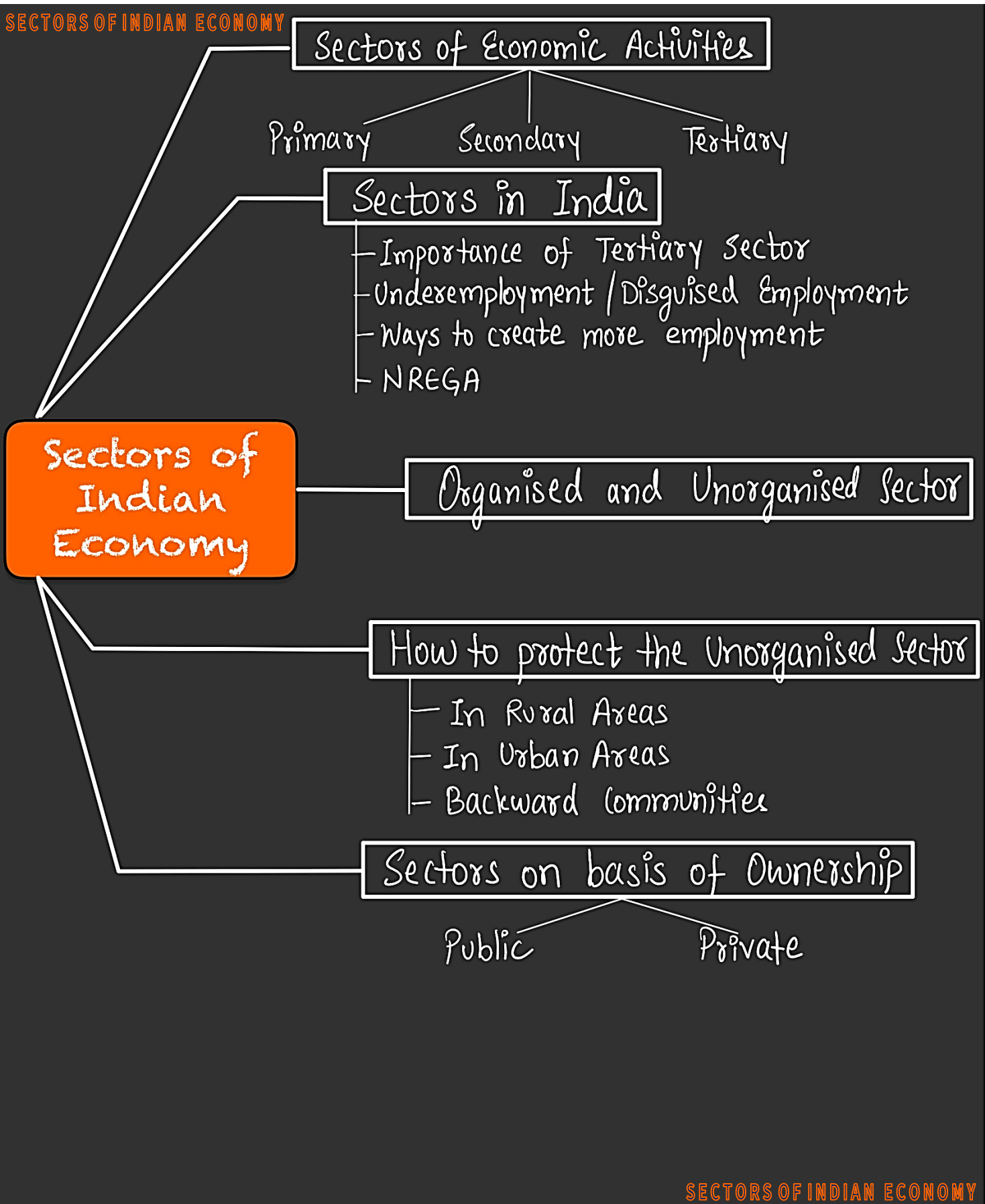
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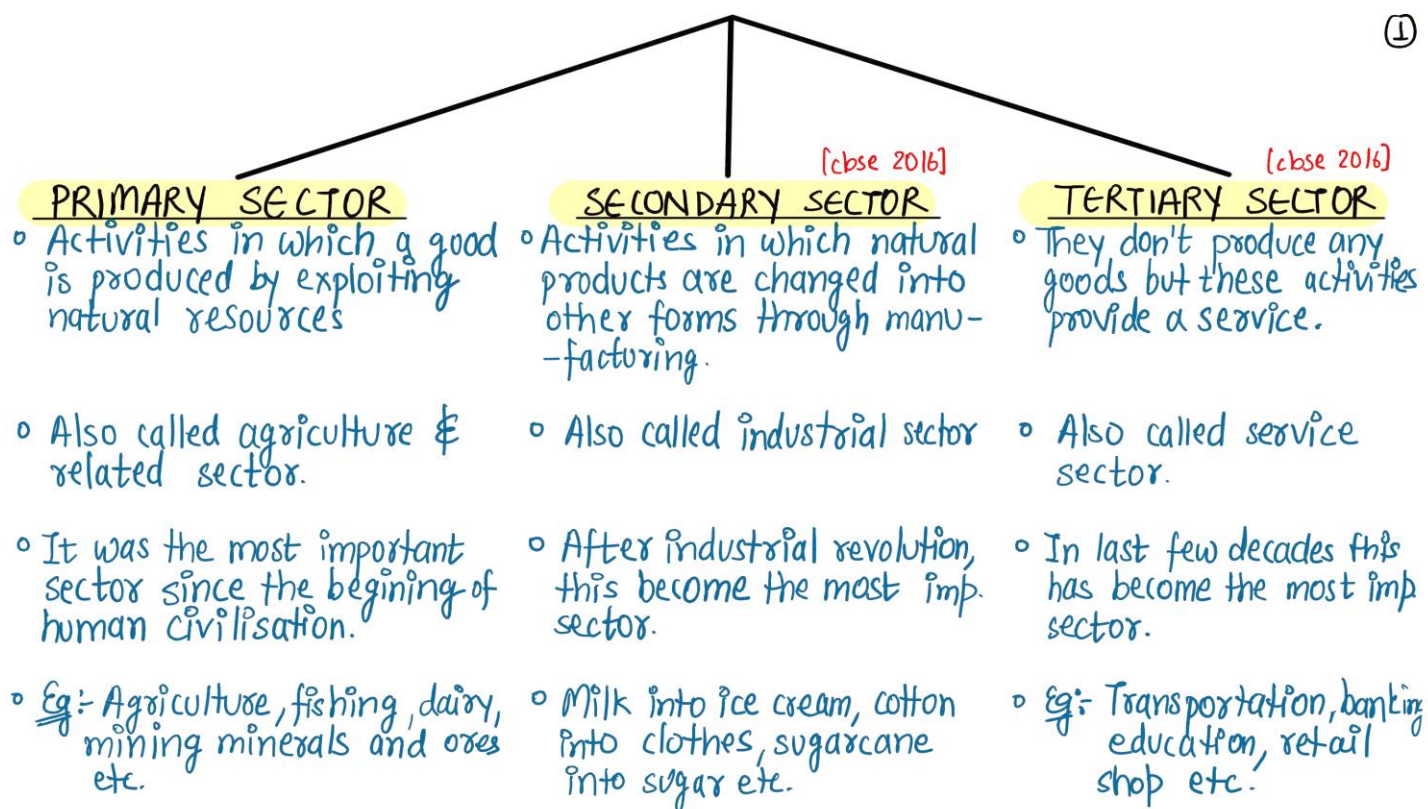
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SECTORS OF INDIAN ECONOMY



①



**K<sup>3</sup>B** ⇒ (i) All sectors are linked or interconnected. For example cotton from the cotton plant (Primary Sector) is converted into textile in industries (secondary sector) and reach the market through the means of transportation (Tertiary sector).

(ii) **GROSS DOMESTIC PRODUCT: (GDP)**

- GDP is the value of all final goods and services produced within a country during a particular year
- GDP shows how big an economy is.
- In India GDP is calculated by central government ministry.
- Total GDP = GDP of Primary + GDP of secondary + GDP of tertiary sector.

## Sectors in India

# Importance of Tertiary Sector :- [cbse 2019]

- Tertiary sector has emerged as the largest producing sector in India because -
- Government has developed hospitals, school, courts, banks, police, army etc. which are basic need of a country and are part of tertiary sector.
- Development in primary and secondary sector has led to development of tertiary sector as they are interdependent.
- Rise in income level of people has increased the demand of eating out, shopping, movies, tourism etc. which are part of tertiary sector.
- New services based on information and communication technology (internet) have become essential and important. These services are growing rapidly.
- Green Revolution also gave boost to tertiary sector.

### # Underemployment / DISGUISED EMPLOYMENT: [cbse 2016]

When more people are working than is needed, this situation is called under-employment or disguised unemployment.

for example:

- In rural areas, all family members work in same field.
- In urban areas, there are many rickshaw pullers, cart pullers selling something, thousand of casual workers in service sector, where they may spend the whole day but earn very little.

Therefore, there is a need for generating employment in different sectors.

### # Ways to create more employment: [cbse 2020]

- Government can provide cheap loans to farmers so they can do farming with best equipments and practice multiple cropping to remain employed throughout the year.
- Government can invest money in transportation and construct new roads, this will create employment for labourers and taxi drivers
- Government can locate industries near rural areas where a large number of people can be employed in the factories.
- Only 52% children go to school, if more school are constructed, teachers are appointed. It can create more than 20 lakh jobs.
- If tourism as a sector is improved it can generate more than 35 lakh jobs.

### # National Rural Employment Guarantee Act (NREGA) :-

- NREGA was formulated in 2005, later on its name changed to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).
- Under NREGA, all those in need of work are guaranteed 100 days of employment in a year by government.
- If the government fails to provide employment it will give unemployment allowances to the people.
- It is now in 625 districts and is also referred as right to work.

### Organised and Unorganised Sector [cbse 2018]

#### # Organised Sector:

- Organised sector enterprises are registered by government and have to follow all the rules.
- Workers have job security (can't be fired without proper reasons) and get pension when they retire.
- Offices have good working conditions and safe environment.
- Here people have fixed amount of work hours and if they work overtime they get paid extra for it.
- Get benefits like paid leave, payment during holidays, provident fund etc.

- Eg: Government jobs, schools, banks etc.

### # Unorganised Sector:

- Unorganised sector enterprises are not registered with the government and rules and regulations are violated by them.
- Workers don't have job security (can be fired anytime) and do not get pension when they retire.
- People sometimes have to work in dangerous work environment without any safe equipment.
- Here people don't have fixed work hours and nothing extra is paid for overtime.
- No paid leave, holidays or leave due to sickness.

### How to protect the Unorganised Sector

- In Rural Areas - Small and medium farmers can be supported by timely and adequate delivery of seeds, cheap loans, storage facilities and good market price of their harvest.
- In Urban Areas - Labours and small industries can be supported with good labour laws and favourable policies for small industries.
- Backward Communities - A large no. of people from backward communities work in unorganised sector. They can be protected if they don't face any discrimination based on their caste or background.

### Sectors on the basis of ownership

#### PUBLIC SECTOR

- All assets and responsibility of service is owned by government.
- Their goal is to serve people.
- Eg: Government schools, hospitals, post office, army etc.

#### PRIVATE SECTOR

- All assets and responsibility of service is owned by an individual in a group.
- Their goal is to make profit and earn money.
- Eg: Reliance, Google, apple, tata etc.

Q Why Basic facilities like water supply, railway, health etc are part of public sector and not of private sector?

ans: (i) Because these things require spending large amount of money.  
 (ii) Private sector won't provide these things at a reasonable cost like the government does.

 Objective Section \_\_\_\_\_ (1 mark each)

Q. 1. Choose the incorrect option from the following : [CBSE OD, Set 1, 2020]

- | List I        | List II             |
|---------------|---------------------|
| (a) Courier   | (1) Tertiary Sector |
| (b) Fisherman | (2) Primary Sector  |
| (c) Carpenter | (3) Primary Sector  |
| (d) Banker    | (4) Tertiary Sector |

Ans. (c)

 Very Short Answer Type Questions \_\_\_\_\_ (1 mark each)

Q. 1. Suggest any one way to create employment in semi-rural areas.  
 [CBSE Delhi, Set 1, 2020]

Ans. One important ways to create employment in semi-rural areas is given below :

- (i) By starting cottage industries and small processing units.
- (ii) By providing basic inputs-the government can increase the productivity.

Q. 2. How is GDP calculated?  
 [CBSE Delhi, Set 1, 2020]

Ans. **GDP:** 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.

Q. 3. How is Public sector different from Private sector? [CBSE Delhi, Set 1, 2020]

Ans. Public Sector is different from Private Sector:  
 In the public sector, government owns most of the assets and provides all the services, whereas in private sector, ownership of assets and delivery of services is in the hands of private individuals or companies.

Q. 4. Distinguish between 'Primary' and 'Secondary' Sector.  
 [CBSE Delhi, Set 1, 2019]

Ans. **Primary Sector:** It covers those activities that involve production of goods directly using natural resources, e.g. Agriculture.

**Secondary Sector:** It covers those activities in which natural products are changed into other forms through manufacturing. This is the next step after primary activity, e.g. Industries.

Q. 5. Distinguish between 'Secondary' and 'Tertiary' Sector.

Ans. **Secondary Sector:** It covers those activities in which natural products are changed into other forms through manufacturing, e.g. Industries.  
**Tertiary Sector:** It covers those activities that help in the development of primary and secondary sectors, e.g. Transport, banking, etc.

Q. 6. When we produce goods by exploiting natural resources, in which category of economic sector such activities come?  
 [CBSE, 2018]

Ans. When we produce goods by exploiting natural resources, it comes under the category of 'Primary sector'.

Q. 7. Which sector helps in the development of the primary and secondary sectors?  
 [CBSE, Term 1, 2016]

Ans. Tertiary sector helps in the development of the primary and secondary sector.

Q. 8. Define secondary sector.  
 [CBSE, Term 1, 2016]

Ans. The sector in which people are engaged in the activities where natural products are changed into other manufacturing

products with the help of industrial activities, is termed as secondary sector.


**Q. 9. Suggest any one way to create employment opportunity in the rural areas. [CBSE, Term 1, 2015]**

**Ans.** Opening of cold storage in rural areas creates employment opportunity as they

can store their products in it.

**Q. 10. In which sector does government own most of the assets and provides the basic services? [CBSE, Term 1, 2015]**

**Ans.** In service sector or public sector or tertiary sector, the government own most of the assets and provides the basic services.

 **Short Answer Type Questions-II** \_\_\_\_\_ (3 marks each)

**Q. 1. Why is the tertiary sector becoming more important in India? Explain.**

[CBSE OD, Set 1, 2020]  
 [CBSE Delhi, Set 1, 2019]

**Ans.** The tertiary sector becoming more important in India because of following reasons :

- (i) In any country several services such as hospitals, educational institutions, banks, transportation etc. are considered to be the basic services for any developing country for example India.
- (ii) As income rises, certain sections of people starts demanding more services like tourism, shopping, hospitals, schools etc. This helps in increasing the GDP of the country.
- (iii) Over the past decade or so, certain new services such as those based on Information and communication technology have become essential in India. Thus, the tertiary sector becomes very important.

**Q. 2. Why is organised sector preferred by the employees ? Explain.**

[CBSE OD, Set 1, 2020]

**Ans.** The organised sector preferred by the employees because of following reason:

- (i) It will provide job security for all employees and even a certain amount of money is kept apart from the salary every year to pay the lump-sum amount to the employees after retirement.
- (ii) It covers those enterprises or places of work where the terms of employment are regular and therefore, people have assured work.

(iii) 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, the Minimum Wages Act, the Payment of Gratuity Act, Shops and Establishment Act, etc.

**Q. 3. "Tertiary sector activities help in the development of the primary and secondary sectors." Evaluate the statement. [CBSE Delhi, Set 1, 2020]**

**Ans.** "Tertiary sector activities help in the development of the primary and secondary sectors" because of following reasons:

- (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 of several essential services such as hospitals, educational institutions, post and telegraph services, police stations, courts, defence, transport, banks, etc. All these are required as a basic service 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.

**Q. 4. "Primary sector" was the most important sector of economic activity at initial stages of development." Evaluate the statement. [CBSE Delhi, Set 1, 2020]**

Ans. "Primary sector was the most important sector of economic activity at initial stages of development" because of:

- (i) The history of developed countries indicates that in the initial stage of development, the primary sector was the most important sector of economic activities. As the methods of farming changed and agriculture sector began to prosper, it started producing much more food than before and most people were also employed in this sector.
- (ii) Primary sector is still the largest economic sector and plays a significant role in the overall socio-economic development of the country.
- (iii) The well being of the secondary sector depend on the on the primary sector. This sector generally takes the output of primary sector as raw material to manufacture finished goods. Flourishing primary sector help in the development of strong secondary and tertiary sectors. All of these sectors are required for the development of the country.

Q. 5. How do we count various goods and services for calculating Gross Domestic Product (GDP) of a country ? Explain with example. [CBSE Delhi, Set 1, 2019]

Ans. Gross Domestic Product (GDP) is the market value of the final goods and services produced during a year within the domestic territory of a country. While calculating GDP, final goods and services are counted to avoid the problem of double counting.

For e.g. a farmer sold wheat to a flour mill for ₹ 10 per kg. The mill grinds the wheat and sold the flour to a biscuit company for ₹ 12 per kg. The biscuit company uses the flour, sugar and butter to make 5 biscuit packets. It sells the biscuit to the consumer at ₹ 15 per biscuit packet. Here biscuits are the final goods that are purchased by the consumer. Wheat and wheat flour are the intermediate goods used in the production of final good. The value of ₹ 15 already includes the value of flour ₹ 12. Hence, only the value of final goods and services are included in GDP.

Q. 6. Distinguish the service conditions of organised sector with that of unorganised sector. [CBSE, 2018]



Topper's Answers

Organised	Unorganised
(a) They are <u>registered with the govt.</u>	They are <u>not registered with govt.</u>
(b) <u>Rules and regulation</u> given in various acts like <u>Minimum wages act, Factories act</u> are followed.	Rules and regulations are there but <u>not followed</u>
(c) <u>Fixed working hours</u> & <u>Payment for overtime (High salary)</u>	<u>Long working hours</u> & <u>No payment for overtime (Low salary/wages)</u>
(d) <u>Job security is there.</u> They receive <u>call letter</u> specifying working condition.	<u>No Job security.</u> Workers <u>exploited</u>
(e) <u>Provision of paid holiday, Gratuity, provident fund,</u>	<u>No such provisions.</u> No work means no pay.



**Ans. Organised sector:** These sectors are registered by the government and have to follow its rules and regulations.  
**Unorganised sectors:** Such sectors cover

small and scattered units which are out of government's control.  
 Major differences between both such units are as follows:

Units of Organised Sector	Units of Unorganised Sector
1. In organised sectors workers are covered by security of employment.	These are low paid jobs and often not regular. Employment is not secured.
2. Workers are expected to work only for a fixed numbers of hours, if they work more, then they get overtime payment by the employer.	There are no provisions of overtime, paid leave, holidays, leave due to sickness, etc.
3. The factories follow government rules such as Factories Act, Minimum Wages Act, Payment of Gratuity Act etc.	They do not follow government rules. When there is less work, due to season or other reasons some people may be asked to leave without salary or payment.

**Q. 7. Explain the problem of underemployment in the service sector in urban areas with examples. [CBSE, Term 1, 2016]**

**Ans.** There is a problem of underemployment in the service sector or tertiary sector in urban areas. There are thousands of casual workers in the service sector who search for daily employment. For example: petty workers, painters, street vendors, rickshaw pullers, etc., who are underemployed because they do not have better work opportunities.

- (i) Primary sector—Directly dependent on nature.
- (ii) Secondary sector—Conversion of natural things into useful products.
- (iii) Tertiary sector—Service sector.

Sugarcane is a natural product which we grow naturally, that makes it the part of primary sector. When it is converted into sugar or jaggery, it needs machines to perform task, like sugar mills that ultimately makes it a part of secondary sector and use of transport, banking service or other service sector to export sugar to the markets and sugarcane to the factories becomes a part of tertiary sector. By this example, we can understand that most of the time every three sectors work together to perform various task.

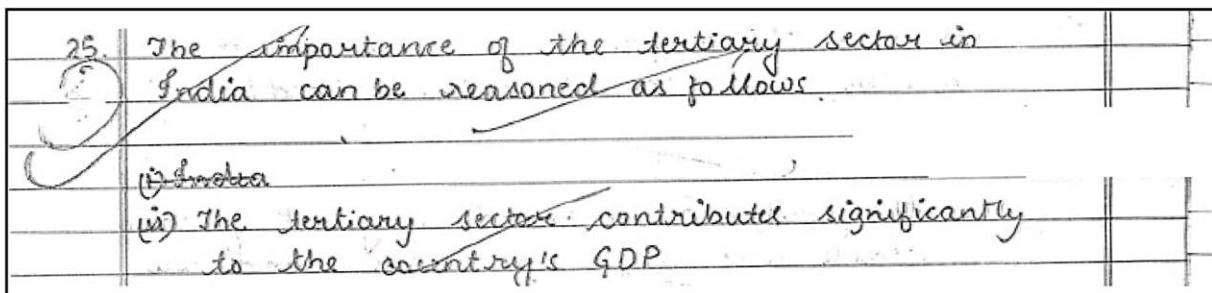
**Q. 8. With the example of sugarcane, explain the interdependence of all the three sectors of the economy. [CBSE, Term 1, 2015]**

**Ans.** Our economy is divided into three sectors.

 **Long Answer Type Questions** \_\_\_\_\_ (5 marks each)

**Q. 1. Highlight any five reasons for the importance of tertiary sector in India. [CBSE, 2019]**

 **Topper's Answers**



(iv) It provides employment to a large number of people with one-third of the women employed.

(v) It brings much of the needed foreign exchange in the country.

(vi) the government provides basic services like education, health care, transport etc. which falls under the tertiary sector.

(vii) It creates new opportunities like those related to information and communication technology.

(viii) It provides aid to the development of the primary and tertiary sectors by creating new services like transport and storage.

(ix) Tertiary sector also includes other facilities and services like doctors, teachers, engineers to play a major role in the society.

Q. 2. Compare the economic activities of the private sector with that of the public sector.

[CBSE OD, Set 1, 2019],

[CBSE OD, Set 3, 2019]

Ans.

S. No.	Private Sector	Public Sector
1.	Ownership of assets and delivery of services is in the hands of the private individuals or companies.	The government owns most of the assets and provides all services.
2.	Their main motive is to earn profit.	Their main motive is public welfare rather than to earn profit.
3.	Private sector collects money for the service they provide.	The government raises money for various activities through taxes.

- |  |   |
|--|---|
| <p>4. Due to the motive of earning profit it does not invest funds to construct infrastructures for public utility/facility.</p> <p>5. <b>Examples:</b> Tata Iron and Steel Company Ltd. (TISCO), Reliance Industries Ltd., etc.</p> | <p>Due to motives of public welfare, it invests funds to construct infrastructures for public utility/facility, like construction of roads, bridges, etc.</p> <p><b>Examples:</b> Railways, post office, police station, etc.</p> |
|--|---|

**Q. 3. Explain any five differences between organised and unorganised sectors.**

[CBSE OD, Set 2, 2019]

**Ans.** Five differences between organised and unorganised sectors are as follows:

Organised Sectors	Unorganised Sectors
(i) Terms of employment are regular and people have assured work.	People have no guarantee of work and can be removed at any time.
(ii) They are registered under the government.	It is outside the control of the government.
(iii) They have to follow certain rules and regulations stated by the law. E.g. Factories Act.	There are rules and regulations, but are not strictly followed.
(iv) It has formal processes and procedures of operation.	There are no formal processes and procedures of operation.
(v) There is security of employment. E.g. Fixed working hours, leaves, etc.	There is no security of employment.
For example, A person working 9 am–5 pm in an office.	For example, A person working in a tea stall.

**Q. 4. Explain any five features of the Tertiary sector.** [CBSE, Term 1, 2016]

**Ans.** Tertiary sectors refers to the service sector. Main features of tertiary sectors are:

- (i) The sector involves activities that help in the development of the primary and secondary sector.
- (ii) The tertiary sector does not produce any kind of goods but they aid and support in the production process.
- (iii) Tertiary sector helps to transport goods, produced in primary or secondary sector or arrange for whole sale and retail sale.
- (iv) Helps in the storage of goods in godowns, provide banking service.
- (v) Since these activities generate service other than goods, it is called service sector. It also includes teachers, doctors and other professionals who are not connected with production of goods.

**Q. 5. State any five features each of public sector and private sector.**

[CBSE, Term 1, 2015]

**Ans.** Public sector: It is a service sector, providing service to the people:

- (i) It is owned by the government.
- (ii) Most of the services provided by the government itself.
- (iii) Motive of this public sector is the welfare of the masses and all the activities are guided by the interest of nation.
- (iv) In this sector employees feel free, secured disciplined and punctual in their duties.
- (v) Government earns money by different taxes etc.

For example: Railways, Postal services, Banking etc.

Private Sector:

- (i) Ownership is in the hands of the private individuals or private companies.
- (ii) Jobs in this sector is to earn more money.
- (iii) Services are provided in the hands of individuals.
- (iv) Jobs in this sector are less secured.
- (v) This sector charges high rates for the use of services.

Examples are: TISCO, Reliance Industries etc.