Chapter 19: Sectors of the Indian Economy

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Exercise 19.1 — Fill in the blanks

Q1 Fill in the blank using the correct option given in the bracket: Employment in the service sector _____ increased to the same extent as production. (has / has not)

SOLUTION

Over the last thirty years, while production (GDP) of the tertiary/service sector has risen rapidly, employment in this sector has not grown in the same proportion.

Most workers still remain in the primary sector; the service sector's share in employment has not kept pace with its share in production.

Answer: has not

Q2 Fill in the blank using the correct option given in the bracket: Workers in the _____ sector do not produce goods. (tertiary / agricultural)

SOLUTION

The tertiary (service) sector does not produce goods; instead it provides services that support the primary and secondary sectors, such as transport, banking, trade and communication.

Agricultural workers, by contrast, produce goods (crops), so the correct option is 'tertiary'.

Answer: tertiary

Q3 Fill in the blank using the correct option given in the bracket: Most of the workers in the _____ sector enjoy job security. (organised / unorganised)

SOLUTION

The organised sector offers regular employment, fixed working hours, and benefits such as job security, paid leave, provident fund and pension.

Workers in the unorganised sector have low-paid, irregular and insecure jobs, so 'organised' is correct.

Answer: organised

Q4 Fill in the blank using the correct option given in the bracket: A _____ proportion of labourers in India are working in the unorganised sector. (large / small)

SOLUTION

The great majority of India's workers are employed in the unorganised sector, in agriculture and in small, unregistered enterprises.

Hence a 'large' proportion of labourers work in the unorganised sector.

Answer: large

Q5 Fill in the blanks using the correct option given in the bracket: Cotton is a _____ product and cloth is a _____ product. [natural / manufactured]

SOLUTION

Cotton is grown in the field through a natural process, so it is a natural product of the primary sector.

Cloth is made by processing/spinning and weaving cotton in factories, so it is a manufactured product of the secondary sector.

Answer: natural; manufactured

Q6 Fill in the blank using the correct option given in the bracket: The activities in primary, secondary and tertiary sectors are _____ [independent / interdependent]

SOLUTION

The three sectors are linked to one another: the secondary sector uses raw materials from the primary sector, and the tertiary sector supports both by providing services like transport and trade.

Because they depend on each other, the correct option is 'interdependent'.

Answer: interdependent

Exercise 19.2 — Choose the most appropriate answer

Q1 The sectors are classified into public and private sector on the basis of: (i) employment conditions (ii) the nature of economic activity (iii) ownership of enterprises (iv) number of workers employed in the enterprise

SOLUTION

The public and private classification depends on who owns the assets and is responsible for delivering services.

In the public sector the government owns the assets; in the private sector ownership is with private individuals or companies. So the basis is ownership of enterprises.

Answer: (iii) ownership of enterprises

Q2 Production of a commodity, mostly through the natural process, is an activity in _____ sector. (i) primary (ii) secondary (iii) tertiary (iv) information technology

SOLUTION

When we produce a good by exploiting natural resources it is an activity of the primary sector.

Agriculture, mining, fishing and forestry are primary-sector activities based mostly on natural processes.

Answer: (i) primary

Q3 GDP is the total value of _____ produced during a particular year. (i) all goods and services (ii) all final goods and services (iii) all intermediate goods and services (iv) all intermediate and final goods and services

SOLUTION

GDP counts only the value of final goods and services produced in a year, to avoid double counting.

The value of intermediate goods is already included in the value of the final goods, so only final goods and services are counted.

Answer: (ii) all final goods and services

Q4 In terms of GVA the share of tertiary sector in 2017–18 is between _____ per cent. (i) 20 to 30 (ii) 30 to 40 (iii) 50 to 60 (iv) 60 to 70

SOLUTION

The tertiary (service) sector is the largest contributor to GVA/GDP in India.

In 2017–18 its share was in the range of 50 to 60 per cent.

Answer: (iii) 50 to 60

Exercise 19.3 — Match the following

Q1 Match the following (Problems faced by farming sector with Some possible measures): 1. Unirrigated land; 2. Low prices for crops; 3. Debt burden; 4. No job in the off season; 5. Compelled to sell their grains to the local traders soon after harvest. Measures: (a) Setting up agro-based mills; (b) Cooperative marketing societies; (c) Procurement of food grains by government; (d) Construction of canals by the government; (e) Banks to provide credit with low interest.

SOLUTION

Unirrigated land is solved by building canals to supply water.
Low prices for crops are addressed by government procurement of food grains at a fair price.
Debt burden is eased by banks providing credit at low interest.
No job in the off season is tackled by setting up agro-based mills that give work.
Being forced to sell grain cheaply to local traders is solved by cooperative marketing societies.

Answer: 1-(d), 2-(c), 3-(e), 4-(a), 5-(b)

Exercise 19.4 — Find the odd one out and say why

Q1 Find the odd one out and say why: Tourist guide, dhobi, tailor, potter

SOLUTION

Tourist guide, dhobi (washerman) and tailor all provide a service — they belong to the tertiary sector.

A potter makes goods (pots) from clay, which is a secondary-sector activity, so the potter is the odd one out.

Answer: Potter — the others provide services (tertiary), while a potter produces goods (secondary).

Q2 Find the odd one out and say why: Teacher, doctor, vegetable vendor, lawyer

SOLUTION

Teacher, doctor and lawyer are all skilled professionals in the organised service sector.

A vegetable vendor is a self-employed, unorganised-sector worker, so the vegetable vendor is the odd one out.

Answer: Vegetable vendor — the others are organised-sector professionals, whereas a vegetable vendor is an unorganised-sector worker.

Q3 Find the odd one out and say why: Postman, cobbler, soldier, police constable

SOLUTION

Postman, soldier and police constable are all employed by the government in the public/organised sector.

A cobbler is a self-employed worker in the unorganised (private) sector, so the cobbler is the odd one out.

Answer: Cobbler — the others are government (public/organised sector) employees, while a cobbler works in the unorganised sector.

Q4 Find the odd one out and say why: MTNL, Indian Railways, Air India, Jet Airways, All India Radio

SOLUTION

MTNL, Indian Railways, Air India and All India Radio are public-sector enterprises owned by the government.

Jet Airways is a privately owned company, so it is the odd one out.

Answer: Jet Airways — the others are public-sector (government-owned) enterprises, whereas Jet Airways is private.

Exercise 19.5 — Short and Long Answer Questions

Q1 A research scholar looked at the working people in the city of Surat and found the following. Organised (offices/factories registered with the government) = 15; Own shops, office, clinics in marketplaces with formal license = 15; People working on the street, construction workers, domestic workers = 20; Working in small workshops usually not registered with the government = (blank). Complete the table. What is the percentage of workers in the unorganised sector in this city?

SOLUTION

The four categories must total 100 per cent. The first three add up to 15 + 15 + 20 = 50, so the missing figure for workers in small unregistered workshops is 100 − 50 = 50 per cent.

The organised sector is only the first category (15%). The remaining three categories are unorganised: 15 + 20 + 50 = 85 per cent.

Answer: The missing figure is 50%. Unorganised-sector workers = 15 + 20 + 50 = 85% of the city's workers.

Q2 How is the tertiary sector different from other sectors? Illustrate with a few examples.

SOLUTION

The primary sector produces goods by exploiting natural resources (e.g. farming, mining), and the secondary sector turns those raw materials into manufactured goods (e.g. making cloth, steel).

The tertiary sector is different because it does not produce goods; instead it provides services that support the other two sectors — for example transport, storage, communication, banking and trade. Teachers, doctors, lawyers, transporters and shopkeepers are tertiary-sector workers.

Answer: Unlike the primary and secondary sectors, which produce goods, the tertiary sector provides services (transport, banking, trade, communication, education) that support the other sectors.

Q3 What do you understand by disguised unemployment? Explain with an example each from the urban and rural areas.

SOLUTION

Disguised unemployment is a situation where more people are engaged in a job than are actually needed. The extra people appear to be employed but contribute nothing to output; if they are removed, production does not fall.

Rural example: five members of a family all work on a small farm where the work really needs only three; the other two are disguisedly unemployed. Urban example: a small grocery shop or a service like a painter's helper where several people share work that one or two could do.

In both cases the extra workers only share the existing work and income, without adding to production.

Answer: Disguised unemployment means more people work on a task than needed, so removing some does not reduce output — e.g. surplus family members on a small farm (rural) or extra hands sharing a small shop/service job (urban).

Q4 Distinguish between open unemployment and disguised unemployment.

SOLUTION

In open unemployment, people are willing and able to work but simply cannot find any job at all — they have no work and earn nothing.

In disguised unemployment, people appear to be employed but more are working on a task than are actually needed; the surplus workers add nothing to output, and removing them does not reduce production.

So open unemployment is visible joblessness, whereas disguised unemployment is hidden — the person seems to be working but is effectively surplus.

Answer: Open unemployment = people have no work at all; disguised unemployment = people appear employed but are surplus and add nothing to output.

Q5 "Tertiary sector is not playing any significant role in the development of Indian economy." Do you agree? Give reasons in support of your answer.

SOLUTION

No, this statement is not correct. The tertiary sector has become the largest contributor to India's GDP/GVA over the last few decades.

Several reasons explain its importance: basic services such as hospitals, schools, banking, transport and administration are needed by every economy; the growth of agriculture and industry raises demand for supporting services like transport, trade and storage; as incomes rise, people demand more services such as tourism, restaurants and private hospitals; and new services based on information and communication technology have grown rapidly.

Because it produces the most value and supports the other sectors, the tertiary sector plays a very significant role in India's development.

Answer: Disagree — the tertiary sector is the largest contributor to GDP, supports the other sectors, and has grown rapidly (essential services, rising incomes, IT), so it plays a very significant role.

Q6 Service sector in India employs two different kinds of people. Who are these?

SOLUTION

The first kind are highly skilled and educated workers in modern services — for example those in information technology, banking, and other professional or specialised jobs. They are relatively few in number but earn high incomes.

The second kind are a very large number of low-skilled workers who provide services just to survive — such as small shopkeepers, repair persons, transport workers, domestic help and street vendors. They earn little and are mostly in the unorganised sector.

Answer: (1) A small number of highly skilled/professional workers (e.g. IT, banking); and (2) a large number of low-skilled service workers barely earning a living (e.g. vendors, repair persons, domestic help).

Q7 Workers are exploited in the unorganised sector. Do you agree with this view? Give reasons in support of your answer.

SOLUTION

Yes, workers in the unorganised sector are largely exploited. Their jobs are not regulated and do not follow government rules, so employers can take advantage of them.

They are often paid very low, irregular wages and are not paid a fair wage. There is no job security — people can be asked to leave at the whim of the employer. Working hours are long, and there are no benefits such as paid leave, provident fund or medical facilities.

Many workers from scheduled castes, tribes and backward communities in this sector also face social discrimination in addition to low, irregular pay. Hence protection of these workers is necessary.

Answer: Yes — unorganised-sector workers get low, irregular wages, no job security, long hours and no benefits, and are hired/fired at the employer's whim, so they are exploited.

Q8 How are the activities in the economy classified on the basis of employment conditions?

SOLUTION

On the basis of employment/working conditions, economic activities are classified into the organised sector and the unorganised sector.

The organised sector covers enterprises that are registered by the government and follow its rules and regulations. Jobs here are regular and secure, with fixed hours, and workers get benefits like paid leave, provident fund, medical and other allowances.

The unorganised sector consists of small, scattered units that are largely outside government control. Jobs here are low-paid, irregular and insecure, without any of these benefits.

Answer: Into the organised sector (registered units with secure, regulated jobs and benefits) and the unorganised sector (small, unregistered units with low-paid, irregular, insecure jobs).

Q9 Compare the employment conditions prevailing in the organised and unorganised sectors.

SOLUTION

Organised sector: enterprises are registered and follow government rules. Employment is regular; workers have fixed working hours and are paid overtime for extra work. They enjoy job security and benefits such as paid leave, holidays, provident fund, gratuity and medical facilities.

Unorganised sector: units are small, scattered and largely outside government control. Jobs are low-paid and often not regular. There is no provision for overtime, paid leave, holidays, leave due to sickness, or job security, and workers can be asked to leave whenever there is less work.

Answer: Organised: registered, regular and secure jobs with fixed hours and benefits (leave, PF, medical). Unorganised: small unregistered units, low-paid, irregular, insecure work with no benefits.

Q10 Explain the objective of implementing the MGNREGA 2005 or Viksit Bharat-GRAMG 2025.

SOLUTION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005 was made to help create more employment opportunities in rural areas and to address the 'Right to Work'.

Its objective is to guarantee 100 days of wage employment in a year to every rural household whose adult members are willing to do unskilled manual work. If the government fails to provide this work, it must give the people an unemployment allowance.

The type of work chosen under the scheme is meant to help increase the production of land as well, so that rural livelihoods improve along with employment.

Answer: To guarantee 100 days of wage employment a year to willing rural households (with unemployment allowance if work is not given), thereby creating rural employment and supporting the right to work.

Q11 Give a few examples of public sector activities and explain why the government has taken them up.

SOLUTION

Examples of public-sector activities: construction of roads, bridges, railways, harbours; generating electricity; providing irrigation through dams; running the railways and post office; providing health and education facilities; buying wheat and rice from farmers at a fair price and selling it cheaply through ration shops.

The government takes up these activities because they need very large sums of money that the private sector cannot spend, or because collecting charges from thousands of users is difficult. Some activities, like supplying electricity or foodgrains cheaply, must be supported so that industries and the poor can afford them.

Others — such as education, health, safe drinking water and helping the poorest regions — are the primary responsibility of the government and are essential for human development.

Answer: E.g. roads, bridges, railways, dams, electricity, health/education, and buying/selling foodgrains cheaply — taken up because they need huge investment, cannot be left to profit-seeking private firms, and are essential for people's welfare and development.

Q12 The workers in the unorganised sector need protection on the following issues: wages, safety and health. Explain with examples.

SOLUTION

Unorganised-sector workers get low and irregular wages and are often not paid a fair wage. They need protection so that they are guaranteed at least a minimum wage and are paid on time — for example, casual construction labourers and street vendors.

They also need protection of safety at the workplace: workers in small workshops, construction and factories often work in unsafe conditions without proper equipment.

They need protection of health as well, including facilities and support in case of sickness or injury, since these jobs carry no medical benefits. Providing such protection is necessary for both economic and social development.

Answer: They need guaranteed fair and timely wages (e.g. casual/construction workers), safe working conditions in workshops and building sites, and health/medical support, since these jobs are low-paid, unsafe and offer no benefits.

Q13 A study in Ahmedabad found that out of 15,00,000 workers in the city, 11,00,000 worked in the unorganised sector. The total income of the city in this year (1997-1998) was Rs 60,000 million. Out of this Rs 32,000 million was generated in the organised sector. Present this data as a table.

SOLUTION

Number of workers in the organised sector = 15,00,000 − 11,00,000 = 4,00,000. Income generated in the unorganised sector = Rs 60,000 million − Rs 32,000 million = Rs 28,000 million.

Sector	Number of workers	Income (Rs million)
Organised	4,00,000	32,000
Unorganised	11,00,000	28,000
Total	15,00,000	60,000

The table shows that although only about 27% of workers are in the organised sector, they generate more than half the city's income, while the large unorganised workforce earns much less per worker.

Answer: Organised: 4,00,000 workers, Rs 32,000 million; Unorganised: 11,00,000 workers, Rs 28,000 million; Total: 15,00,000 workers, Rs 60,000 million.

Q14 The following table gives the GVA in Rupees (Crores) by the three sectors: 2001-02 — Primary 13,23,000, Secondary 10,40,000, Tertiary 19,31,000; 2021-22 — Primary 24,79,400, Secondary 40,73,000, Tertiary 73,25,000. Calculate the share of the three sectors in GDP for the two years.

SOLUTION

For 2001-02, total GVA = 13,23,000 + 10,40,000 + 19,31,000 = 42,94,000 crore. Shares = Primary 13,23,000/42,94,000 ≈ 30.8%; Secondary 10,40,000/42,94,000 ≈ 24.2%; Tertiary 19,31,000/42,94,000 ≈ 45.0%.

For 2021-22, total GVA = 24,79,400 + 40,73,000 + 73,25,000 = 1,38,77,400

crore. Shares = Primary 24,79,400/1,38,77,400 ≈ 17.9%; Secondary 40,73,000/1,38,77,400 ≈ 29.3%; Tertiary 73,25,000/1,38,77,400 ≈ 52.8%.

Conclusion: the primary sector's share fell (about 31% to 18%) while the tertiary sector's share rose (about 45% to 53%). The tertiary sector is the largest contributor to GDP and its dominance has increased over the two decades.

Answer: 2001-02: Primary ≈ 30.8%, Secondary ≈ 24.2%, Tertiary ≈ 45.0%. 2021-22: Primary ≈ 17.9%, Secondary ≈ 29.3%, Tertiary ≈ 52.8%. The tertiary sector's share is largest and rising; the primary sector's share has fallen.