

Class X Economics

Chapter 2 Sectors of the Indian Economy – (FAQs)

Q 1. Define the sectors of Indian economy.

Primary activities

Many activities that are undertaken by directly using natural resources are called primary activities.

Ex.- Farming, mining, fisheries etc

Secondary activities

The secondary sector includes those activities in which natural products are changed into other forms through ways of manufacturing associated with industrial activity.

Ex.- Cotton industry, iron and steel industry etc

Tertiary activities

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

Ex- Banking, finance, education etc

Q 2. What do u mean by GDP ?

A very large number of goods and services are produced by the various production activities in the primary, secondary and tertiary sectors.

The sum of production in the three sectors gives the Gross Domestic Product (GDP) of a country.

Thus, GDP is the value of all final goods and services produced within a country during a particular year and is an indication of how big the economy is.

Q 3. Briefly discuss the historical Change in the Sectors of economy.

Ans. In the beginning, primary sector was the most dominant one in terms of production and employment.

Over a span of more than hundred years, factories came up and started expanding.

Secondary sector gradually became the most important in total production and employment.

Further, there has been a further shift from secondary to tertiary sector in developed countries in the past century.

So, the service sector in developed countries has become the most important in terms of total production.

Q 4. Describe the rising Importance of the Tertiary Sector in Production

Production has increased the most in the tertiary sector, although it has increased in all sectors between 1973-74 and 2013-14.

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

Q 5. Why is there a rising importance of the Tertiary Sector in Indian economy ?

Ans. In any country, as population increases, several services such as hospitals, educational institution, defence, transport, banks etc. are required.

The development of agriculture and industry leads to the development of services such as transport, banks are required.

The development of agriculture and industry lends to the development of services such as transport, trade, storage.

As income levels rise, certain sections of people start demanding many more services like tourism, shopping, private hospitals and private schools etc.

Over the past decade or so certain new services such as those based on information and communications technology have become very productive towards the GDP.

Q 5. Where are most of the people employed?

Between 1972-73 and 2011-12, the primary sector continued to be the largest employer because not enough jobs were created in the secondary and tertiary sectors.

On the other hand, the secondary and tertiary sectors produce four-fifths of the produce but employ less than half the people.

Even today, the primary sector is the largest employer in Indian economy.

Q 6 .How to Create More Employment?

The government can spend some money or banks can provide a loan for people having large plots of unirrigated land, to construct a well to irrigate the land.

Another way to create more employment is to identify, promote and locate industries and services in semi-rural areas where a large number of people may be employed.

Similarly, to improve the health situation, many more doctors, nurses, health workers etc. are required to work in rural areas.

Every state or region has potential for increasing the income and employment for people in that area, through tourism, or regional craft industry, or new services like IT.

The Planning Commission also estimated that if tourism as a sector is improved, every year additional employment can be given to more than 35 lakh people.

The central government in India made a law called Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005), implementing the Right to Work in about 625 districts of India.

Q 7. Discuss the sectors of an economy on the basis of employment conditions.

Organised sector

It includes those enterprises or places of work where the terms of employment are regular and therefore, people have assured work.

Unorganised sector

The unorganised sector includes small and scattered units which are largely outside the control of the government.

Q What are the Differences between Organised and Unorganised sector ?

Ans.

Organised sector:-

It is a sector where the employment terms are fixed and regular, and the employees get assured work.

They are registered by the government and have to follow its rules and regulations, which are given in various laws such as the Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishments Act, etc.

The job is regular and has fixed working hours. If people work more, they get paid for the overtime by the employer.

People working in the organised sector get several other benefits from the employers such as paid leave, payment during holidays, provident fund, gratuity, etc. The factory manager has to ensure facilities like drinking water and a safe working environment. When they retire, these workers get pensions as well.

Examples of the organised sectors are Government employees, registered industrial workers, Anganwadi workers, village health workers, etc.

Unorganised sector:-

The unorganised sector is characterised by small and scattered units, which are largely outside the control of the government.

.There are rules and regulations but these are not followed since they are not registered with the government.

.Jobs are low-paid and often not regular.

Workers enjoy the security of employment. Employment is not secure. People can be asked to leave without any reason.

There is no provision for overtime, paid leave, holidays, leave due to sickness, etc.

Examples of the unorganised sectors are Shopkeeping, Farming, Domestic works, Labouring, Rickshaw pulling, etc.

Q 8. How to Protect Workers in the Unorganised Sector?

Almost 80 per cent of rural households in India are small and marginal farmers who need to be supported through adequate facility for timely delivery of seeds, agricultural inputs, credit, storage facilities and marketing outlets.

In the urban areas, unorganised sector comprises mainly of workers in small-scale industry, casual workers in construction, trade and transport etc., and those who work as street vendors, head load workers, garment makers, rag pickers etc.

Small-scale industry also needs government's support for procuring raw material and marketing of output.

Q 9. Discuss the Sectors of economy in terms of ownership.

Ans. On the basis of ownership, there are two sectors:-

Public sector:

In the public sector, the government owns most of the assets and provides all the services.

Private sector:

In the private sector, private individuals or companies own assets and are responsible for delivery of services.