



INDIAN SCHOOL AL WADI AL KABIR

Class: X	Department: Social Science	Sub: ECONOMICS
Chapter-2 Question Bank-2	Topic: Sectors of the Indian Economy	Year: 2026-27

1	Compare economic and non-economic activities giving suitable examples. Ans. <table> <tr> <th>Economic Activities</th><th>Non-Economic Activities</th></tr> <tr> <td>These activities provide income in return.</td><td>These activities do not provide income in return.</td></tr> <tr> <td>These are undertaken to earn a livelihood.</td><td>These are undertaken out of love and care.</td></tr> <tr> <td>For example: People working in factories, farms, banks etc.</td><td>For example: Doing social work, helping the poor.</td></tr> </table>	Economic Activities	Non-Economic Activities	These activities provide income in return.	These activities do not provide income in return.	These are undertaken to earn a livelihood.	These are undertaken out of love and care.	For example: People working in factories, farms, banks etc.	For example: Doing social work, helping the poor.
Economic Activities	Non-Economic Activities								
These activities provide income in return.	These activities do not provide income in return.								
These are undertaken to earn a livelihood.	These are undertaken out of love and care.								
For example: People working in factories, farms, banks etc.	For example: Doing social work, helping the poor.								
2	How are economic activities classified in various sectors based on the nature of activity? Explain. OR ‘Tertiary sector is different from other sectors.’ Justify the statement with suitable arguments. [Ans. Refer: Point (iii) only] Ans. i. Primary Sector - It includes activities that are undertaken by directly using natural resources. These activities depend mainly, but not entirely, on natural factors like rainfall, sunshine and climate. For example, the cultivation of cotton. - It forms the base for all other products that we subsequently make. - Since most of the natural products come from agriculture, dairy, fishing, forestry, this sector is also called the agriculture and related sector. ii. Secondary Sector - It covers activities in which natural products are changed into other forms through manufacturing processes that are associated with industrial activity. - This sector is also called the Industrial sector. - Examples: Spinning yarn and weaving cloth by using cotton fibre, making sugar or gur using sugarcane as a raw material. iii. Tertiary Sector - The tertiary sector is different from the other two sectors because they produce goods, whereas the tertiary sector does not produce goods by itself; instead, it provides services. - Tertiary activities help in the development of the primary and secondary sectors. - These activities provide aid and support for the production process. - Since these activities generate services rather than goods, the tertiary sector is also called the Service sector. - Example: Transport, storage, communication, banking, trade etc.								

3	“Economic activities, though grouped into three different categories, are highly interdependent”. Justify. Ans. All three sectors, primary, secondary and tertiary, are interdependent in the following ways. - Raw materials are produced in the primary sector and processed into finished items in the secondary sector. The tertiary sector provides assistance to these two sectors. For example: - - The primary sector involves the extraction of natural resources like iron. This iron is then taken to the secondary sector through the transportation system like trucks. - The secondary sector changes the natural resource, iron, into other forms through the process of manufacturing. Manufacturing also needs the support of the service sector in the form of engineers, electricians, etc. Iron is changed into iron sheets, which are then used to manufacture vehicles. - 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 secondary sectors in carrying out their activities. (Refer table 2.1, page number 21, for more examples)								
4	Differentiate between Final goods and Intermediate goods with examples. Ans. <table border="1"> <thead> <tr> <th>Final Goods</th><th>Intermediate Goods</th></tr> </thead> <tbody> <tr> <td>Goods that are used by the consumers for final use.</td><td>Intermediate goods are used in producing final goods and services.</td></tr> <tr> <td>The value of final goods is included in national income.</td><td>The value of intermediate goods is not included in national income to prevent double counting.</td></tr> <tr> <td>Example: - computer, car, pen, biscuit etc.</td><td>Example: - flour, cotton, steel etc.</td></tr> </tbody> </table>	Final Goods	Intermediate Goods	Goods that are used by the consumers for final use.	Intermediate goods are used in producing final goods and services.	The value of final goods is included in national income.	The value of intermediate goods is not included in national income to prevent double counting.	Example: - computer, car, pen, biscuit etc.	Example: - flour, cotton, steel etc.
Final Goods	Intermediate Goods								
Goods that are used by the consumers for final use.	Intermediate goods are used in producing final goods and services.								
The value of final goods is included in national income.	The value of intermediate goods is not included in national income to prevent double counting.								
Example: - computer, car, pen, biscuit etc.	Example: - flour, cotton, steel etc.								
5	Define Gross Domestic Product. Who undertakes the task of measuring GDP in India? Ans. - Gross Domestic Product (GDP) is the value of all final goods and services produced in the three sectors within a country during a particular year. - 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 the total volume of goods and services and their prices and then estimates the GDP.								

6	What precaution should be taken while estimating total production of each sector? Ans. The following precautions should be taken while estimating total production of each sector: • While estimating total production, not all goods and services that are produced and sold need to be counted, only the value of final goods and services is taken into account. • If we include the value of intermediate goods separately, it will lead to double counting (counting the value of the same things a number of times). • For instance, a farmer who sells wheat to a flour mill for Rs 20 per kg. The mill sells the flour to a biscuit company for Rs 25 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 Rs 120 (Rs 30 per packet). Biscuits are the final goods. • In this example, the value of Rs 30 for the biscuits (final good) already includes the value of flour (Rs 25) and all other intermediate goods. Therefore, counting the value of the flour and wheat separately is not correct because it will lead to double counting.
7	What does the history of developed countries indicate about the shifts that have taken place between sectors? OR “When a country develops, the contribution of primary sector declines and that of secondary and tertiary sector increases.” Analyse the statement. Ans. • In the initial stages of development, the primary sector was the most important sector. • With better farming methods, agriculture improved and produced more food. This allowed people to take up other work like trade, transport, the army, and administration. Still, most goods came from the primary sector and most people worked there. • Over time (more than 100 years), new ways of manufacturing led to the growth of factories. People started using factory-made goods, which were cheaper. The secondary sector then became the most important for production and employment. • In the last 100 years, there has been a shift from the secondary to the tertiary sector in developed countries. The tertiary sector has become the most important in terms of both production and employment. • In short, there has been a shift from primary to secondary and then to tertiary sector in the developed countries.
8	'The sectoral transformation in India has not followed the same path as that of developed countries.' Justify this statement Ans. • In developed countries, the economy developed in a logical pattern. Growth in the primary sector was followed by growth in the secondary sector and then the tertiary sector. • Employment also increased along with the changes in different sectors. • In India, after the primary sector, the tertiary sector grew faster than the secondary sector. • The primary sector continues to be the largest employer even now. • A remarkable fact about India is that while there has been a change in the share of the three sectors in GVA, a similar shift has not taken place in employment.

9	Why did the primary sector in India continue to be the largest employer in 1977-78 as well as in 2017-18? Ans. • The primary sector continued to be the largest employer because not enough jobs were created in the secondary and tertiary sectors. • Industrial output or the production of goods went up by more than nine times during the period, employment in the industrial sector went up by around three times. While production in the service sector rose by 14 times, employment in the service sector rose around five times. • The primary sector, mainly agriculture, still employs more than half of the workers in the country, but produces only about one sixth of the GVA. • The secondary and tertiary sectors produce the rest of the output, whereas they employ less about half the people.
10	Explain the reasons for the growth of the service sector in the Indian Economy. Ans. • Expansion of basic services: - In any country, several basic services such as hospitals, educational institutions, postal and telegraph services, police stations, courts etc. are required. In a developing country like India, the government provides most of these. • Development of agriculture and industrial sector: - As agriculture and industry grow, they create more demand for services like transport, trade, and storage. • Growing demand for better and leisure services: - As income levels rise, certain sections of people start demanding many more services like eating out, tourism, shopping, private hospitals, private schools, professional training etc. • Rapid expansion of Communication and Information Technology: - In recent years, services based on information and communication technology have grown quickly and become very important.
11	'The secondary sector plays a vital role in the development of the Indian economy.' Justify the statement with suitable points. Ans. • The secondary sector covers activities in which natural products are changed into other forms through ways of manufacturing that are associated with industrial activity. • It absorbs excess labour from the Primary sector and reduces disguised unemployment. • It helps other sectors grow and supports the Indian economy by contributing a significant share to GVA. • It provides employment to a large number of people. • It uses mechanical power and skilled and unskilled labour.

12	“Tertiary sector has a vital role in the economy of the country.” Support the statement with suitable day-to-day examples. Ans. • The tertiary sector is the largest producing sector in India. It contributes more than 50% of the GVA of India. • In 2017-18, about 31 per cent of total employment was generated in the tertiary sector. • It provides a number of services like hospitals, educational institutions, postal and telegraph services, police stations, etc. • It supports the primary sector by offering services such as transport, trade, storage, banking, and insurance. • It also helps industrial growth by providing transport, banking, and insurance services.
13	Describe disguised unemployment with suitable examples from both rural and urban sectors. Ans. • It is a situation where people are apparently working, but they are not fully employed and they are working less than their potential. Each person is doing some work, but their labour effort gets divided. This is a situation of underemployment • It means that more people are engaged in a job than are actually required. So, even if a few people are removed, production will not be affected. Therefore, they are considered to be underemployed. • This kind of underemployment is hidden. Hence, it is also called disguised unemployment. In rural areas, this kind of underemployment is common in the agricultural sector. • For example, Laxmi is a small farmer with two hectares of land. All five members of her family work on the farm throughout the year, but none of them are fully employed. If two people leave the farm, production will not be affected and at the same time if they move to work elsewhere, the family is able to earn some extra income through wages. • In urban areas, there are thousands of casual workers in the service sector who search for daily employment like painters, plumbers, repair persons and others doing odd jobs. Many of them do not find work every day and may spend the whole day but earn very little. They do this work because they have no better options.
14	'Underemployment is a major problem in rural India.' Suggest ways to overcome this problem. OR 'Development of rural infrastructure and industries can solve the problem of underemployment.' Justify the statement with suitable measures. Ans. The following steps can be taken to create more employment opportunities in rural areas. • Create a strong infrastructure: Construction of dams and canals for irrigation can create more jobs and help farmers grow more crops throughout the year. So, they will remain employed all the year round. • Expansion of transport, communication network and trade: If the government builds better roads and storage facilities, it can create jobs not only for farmers but also for people working in transport and trade.

- **Provision of cheap and easy credit facilities:** If the farmers are provided cheap and easy loans, they would help them to buy inputs such as HYV seeds, fertilizers, pesticides, agricultural equipment, etc. This boosts farming and creates more jobs.
- **Promotion of local and agro-based industries:** Identify and promote industries and services where a large number of people may be employed. For instance, opening a cold storage could give an opportunity for farmers to store their products and sell them when the price is good. Similarly, in villages near forest areas, honey collection centres can be started where farmers can come and sell wild honey.
- **Construction of school buildings, hospitals, community centres, etc.:** A study conducted by the Planning Commission (now known as NITI Aayog) estimated that nearly 20 lakh jobs can be created in the education sector alone. Similarly, to improve the health situation, many more doctors, nurses, health workers are needed.
- **Promotion of other activities** like tourism, regional crafts and information services will certainly lead to the creation of new employment opportunities. For example, the study by the Planning Commission says that if tourism as a sector is improved, every year we can give additional employment to more than 35 lakh people.

15 **Write the objectives of implementing the MGNREGA 2005 (Viksit Bharat-G RAM G 2025).
Ans.**

- The Union government in India made a law implementing the **Right to Work** in about **625 districts** of India. It was called Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA 2005).
- Under MGNREGA 2005, people in rural areas who want to work are **guaranteed 100 days of employment** in a year.
- If the government fails to provide employment, it will give unemployment allowances to the people.
- Preference is given to work that would help to increase the production from land in future.
- In 2025, this Act was replaced by **Viksit Bharat- Guarantee for Rozgar and Ajeevika Mission (Viksit Bharat-G RAM G 2025).**

16 **Distinguish between organised and unorganised sector.
Ans.**

Organised Sector	Unorganised Sector
It covers enterprises or places of work where the terms of employment are regular.	It is characterised by small and scattered units which are largely outside the control of the government.
Job security is assured.	Jobs are low-paid and often not regular. No job security.
These enterprises are registered with 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.	There are rules and regulations, but they are often not followed.

	It includes formal processes and procedures and a fixed number of working hours.	There are no formal processes, procedures and fixed number of working hours.
	Overtime money for extra work. Workers get a pension after retirement.	There is no provision for overtime, paid leave, holidays, sick leave etc. and workers do not get a pension.
	Getting annual increment and other allowances like provident fund, gratuity, paid leave, payment during holidays etc.	Workers do not get annual increments or other allowances.

- 17 **Who are the vulnerable workers in the unorganised sector? How can the government help to improve their working conditions?**
Ans:
The following measures can be taken by the government to protect these workers.
- In the rural areas, the unorganised sector mostly comprises landless agricultural labourers, small and marginal farmers, sharecroppers and artisans (such as weavers, blacksmiths, carpenters and goldsmiths). They need timely access to seeds, farming tools, credit, storage facilities and marketing outlets.
 - In urban areas, the unorganised sector mainly comprises 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. They need the government's support for procuring raw material and marketing of output.
 - The majority of workers from scheduled castes, scheduled tribes and backward communities find themselves in the unorganised sector. Besides getting irregular and low-paid work, these workers also face social discrimination.
 - Protection and support from the government is important for their economic and social development.

- 18 **Distinguish between the public and private sector with examples.**

Ans.

Public Sector	Private Sector
The government owns most of the assets and provides many essential services.	The ownership of assets and delivery of services is in the hands of private individuals or companies.
The purpose is not just to earn profits, but to provide facilities for public welfare.	Activities are guided by the motive to earn profits.
The decisions regarding production and distribution are taken by the government.	The decisions regarding production and distribution are taken by the owner or manager of the company.
It provides basic facilities like education, health, food and security to people.	It provides consumer goods to the people.
Example: Railways, Post office etc.	Example: Tata Iron and Steel Company Limited (TISCO), Reliance Industries Limited (RIL) etc.

19	The government provides certain essential goods and services that the private sector may not provide at a reasonable cost. Why? OR ‘Public sector contributes to the economic development of India.’ Justify the statement. Ans. The reasons why the government has taken up public sector activities are as follows: • There are some activities which require a huge amount of money, which is beyond the capacity of the private sector. • It is not easy to collect money from thousands of people who use these facilities. If private companies provide these facilities, they may charge high prices for their use. Examples include the construction of roads, bridges, railways and harbours, generation of electricity, and provision of irrigation through dams, etc. • There are some activities that the government has to support: - For example, the government provides electricity at lower rates to help small industries. The government has to bear part of the cost of generating electricity. • Similarly, the government also buys wheat and rice from farmers at a fair price and sells it at lower prices through ration shops. This helps both farmers and poor consumers. • There are a large number of activities that are the primary responsibility of the government: - For example, providing health and education facilities, availability of safe drinking water, housing facilities and food and nutrition. It is also the duty of the government to take care of the poorest and most neglected regions of the country through increased spending in such areas.
20	Read the source given below and answer the questions that follow: As an economy develops, the contribution of different sectors to national income and employment changes. In the early stages of development, most people are engaged in agriculture and other primary activities. With industrialisation, the secondary sector expands, creating employment in manufacturing and related industries. Later, the tertiary sector grows rapidly due to increasing demand for services such as banking, education, healthcare, transport, communication and information technology. In India, however, the tertiary sector has grown much faster than the secondary sector. Although the share of agriculture in GVA has declined considerably, it still provides employment to a large proportion of the population. This indicates that many workers remain engaged in low-productivity agricultural activities. 20.1. Which sector has grown the fastest in India after the primary sector? Mention its features. Ans. The tertiary sector. Its features are: • Tertiary sector activities generate services. It does not produce goods by itself. • Tertiary activities help in the development of the primary and secondary sectors. These activities provide aid and support for the production process. • This sector is also called the Service sector. Example: Transport, storage, communication, banking, trade etc.

20.2. Why is it a matter of concern that agriculture still employs a large number of people despite its declining contribution to GVA?

Ans.

- The primary sector continues to be the largest employer because not enough jobs were created in the secondary and tertiary sectors.
- The primary sector, mainly agriculture, still employs about more than half of the workers in the country. But it produces only about one sixth of the GVA. The secondary and tertiary sectors produce the rest of the output, whereas they employ less about half the people.
- It is a matter of concern because it leads to disguised unemployment and low productivity in agriculture.

20.3. Compare the pattern of sectoral growth in India with that of developed countries.

Ans.

- In developed countries, growth in the primary sector was followed by growth in the secondary sector and then by growth in the tertiary sector.
- Employment also increased along with the changes in different sectors.
- In India, after the primary sector, the tertiary sector grew faster than the secondary sector.
- The primary sector continues to be the largest employer even now.