

# CHAPTER 4.2

## Sectors of The Indian Economy

### 1. OBJECTIVE QUESTIONS

- MGNREGA guarantees job to poor for  
(a) 100 days (b) 90 days  
(c) 60 days (d) 50 days  
**Ans :** (a) 100 days
- ATM is an example of  
(a) primary sector (b) secondary sector  
(c) tertiary sector  
**Ans :** (c) tertiary sector
- Animal Husbandry is a part of  
(a) Primary sector (b) secondary sector  
(c) tertiary sector (d) none of these  
**Ans :** (a) Primary sector
- The goods that are used as raw materials for further production are known by which name?  
(a) Final goods (b) Consumer goods  
(c) Material goods (d) Intermediate goods  
**Ans :** (d) Intermediate goods
- Which of the following is not an example of tertiary sector?  
(a) Banking (b) Transport  
(c) Trade (d) Forestry  
**Ans :** (d) Forestry
- Hidden unemployment is also called  
(a) organised sector  
(b) disguised unemployment  
(c) tertiary sector  
(d) contractual unemployment  
**Ans :** (b) disguised unemployment
- GDP of a country is based on  
(a) total value of good and services  
(b) final value of goods and services  
(c) initial value of goods and services  
(d) all of these  
**Ans :** (b) final value of goods and services
- Which among the following is a feature of unorganised sector?  
(a) Fixed number of work hours  
(b) Paid holidays  
(c) Employment is insecure  
(d) Registered with the government

**Ans :** (c) Employment is insecure

- Which among the following activities is not related to primary sector?  
(a) Fishing  
(b) Natural gas extraction  
(c) Making of sugar  
(d) Mining

**Ans :** (c) Making of sugar

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- Which among the following workers are not very productive in tertiary sector?  
(a) Educated and trained professionals  
(b) Repair persons and daily wage earners  
(c) People in defence services  
(d) People working in health centres and hospitals  
**Ans :** (b) Repair persons and daily wage earners
- Places of work which follow rules and regulation are termed as  
(a) organised sector (b) unorganised sector  
(c) tertiary sector (d) secondary sector  
**Ans :** (a) organised sector
- All economic activities that directly involve conversion of natural resources are classified under  
(a) secondary sector (b) primary sector  
(c) tertiary sector (d) government sector  
**Ans :** (b) primary sector
- The sector in which the productive units are owned, maintained and managed by government  
(a) organised sector (b) primary sector  
(c) public sector (d) industrial sector  
**Ans :** (c) public sector
- Public health is responsibility of  
(a) primary sector (b) government  
(c) private sector (d) none of these

- Ans :** (b) government
15. The secondary sector is also known as ..... as this sector produces useful items from natural products.  
 (a) manufacturing (b) construction  
 (c) building (d) making  
**Ans :** (a) manufacturing
16. Service is  
 (a) tangible (b) intangible  
 (c) both a and b (d) physical Product  
**Ans :** (c) both a and b
17. Converting iron is a part of  
 (a) primary activity (b) secondary activity  
 (c) tertiary sector (d) all of these  
**Ans :** (b) secondary activity
18. The sum total of production of all goods and services in the three sectors are combinedly  
 (a) NDP (b) NI  
 (c) GNI (d) GDP  
**Ans :** (d) GDP
19. The task of collection of data in all the three sectors of the economy is done by which of the following organizations.  
 (a) NSSO (b) BPO  
 (c) KPO (d) UNDP  
**Ans :** (a) NSSO
20. In the last 100 years, the sector gaining prominence is  
 (a) secondary sector (b) primary sector  
 (c) tertiary sector (d) all of these  
**Ans :** (c) tertiary sector
21. In India, ..... sector is largest employer while ..... sector is largest income generator.  
 (a) secondary, tertiary (b) tertiary, primary  
 (c) primary, tertiary (d) tertiary, secondary  
**Ans :** (c) primary, tertiary
22. The type of unemployment in which more number of people work than actually needed is known as  
 (a) disguised unemployment  
 (b) seasonal unemployment  
 (c) underemployed  
 (d) over employed  
**Ans :** (a) disguised unemployment
23. Information and Technology is a part of  
 (a) tertiary sector (b) primary sector  
 (c) secondary sector (d) all of these  
**Ans :** (a) tertiary sector
24. A labourer working under a contractor, is in which type of sector?  
 (a) Public sector (b) Unorganised sector  
 (c) Service sector (d) None of these  
**Ans :** (b) Unorganised sector

25. In terms of ownership, enterprises owned by individuals are known as .....  
 (a) public sector (b) primary sector  
 (c) unorganised sector (d) private sector  
**Ans :** (d) private sector

## 2. FILL IN THE BLANK

**DIRECTION :** Complete the following statements with appropriate word(s).

- Transport, communication and banking come under ..... sector.  
**Ans :** Tertiary
- The goods produced by exploiting natural resources comes under the category of ..... .  
**Ans :** Primary sector
- Another name for tertiary sector is ..... .  
**Ans :** Service sector
- Another name for secondary sector is ..... .  
**Ans :** Industrial sector
- Tertiary is a larger sector in ..... country.  
**Ans :** Developed

## 3. TRUE/FALSE

**DIRECTION :** Read each of the following statements and write if it is true or false.

- Unorganised sector are registered with the government.  
**Ans :** False
- Maximum share of GDP comes from Public Sector.  
**Ans :** True
- Provision of appointment letter is not there in unorganised sector.  
**Ans :** True
- Tertiary sector is gaining importance in India.  
**Ans :** True
- People cannot expect job security in an organised sector.  
**Ans :** True

## 4. ASSERTION AND REASON

**DIRECTION :** Mark the option which is most suitable :

- If Both assertion and reason are true, and reason is the correct explanation of assertion.
  - If Both assertion and reason are true, but reason is not the correct explanation of assertion.
  - If Assertion is true, but reason is false.
  - If Both assertion and reason are false.
- Assertion :** 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 :** 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 :** (c) Assertion is true, but reason is false.

There are several reasons for increased production in tertiary sector such as increase in demand for education, health, communication and transportation, development of agriculture sector, increase in level of income and development of information and technology sector.

2. **Assertion :** Reliance industries is a privately-owned firm.

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

**Ans :** (c) Assertion is true, but reason is false.

Reliance industry is a privately-owned firm as the assets and delivery of goods and services in Reliance is controlled by private individuals.

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3. **Assertion :** The development of agriculture and industry leads to the development of service sector.

**Reason :** As the primary and secondary sectors develop, the demand for transport, storage structures, banks, insurance, etc., increases.

**Ans :** (a) Both assertion and reason are true, and reason is the correct explanation of assertion.

As the primary and secondary sector develops the demand for the aforementioned tertiary activities increase. Not just the demand for mentioned services increases, but as individuals become better off, the demand for education, health services, professional training and communication also increase. Therefore, the development of primary and secondary sectors leads to the development of service or tertiary sector.

4. **Assertion :** An individual who manufactures flour from wheat is engaged in primary sector.

**Reason :** When some process of manufacturing is used the product is a part of secondary sector.

**Ans :** (d) Both assertion and reason are false.

An individual who manufactures flour from wheat is engaged in secondary sector as the products that are not manufactured directly from nature but require some manufacturing process are a part of secondary sector.

5. **Assertion :** GDP shows how big an economy is.

**Reason :** GDP is the value of all goods and services

produced within the domestic territory of a country in a year.

**Ans :** (a) Both assertion and reason are true, and reason is the correct explanation of assertion.

GDP is the value of all final goods and services produced within a country. A higher GDP is indicative of higher production level and higher economic activity. Also, a higher GDP implies people of the country are earning more so it is indicative of the size of an economy.

6. **Assertion :** 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 :** All service sectors in India are growing extremely well and each individual engaged in any kind of tertiary activity earns a high income.

**Ans :** (c) Assertion is true, but reason is false.

In India, not the entire service sector is growing equally well. Service sector in India employs many different kinds of people. At one end there are a limited number of services that employ highly skilled and educated workers. At the other end, there are a very large number of workers engaged in services such as small shopkeepers, repair persons, transport persons, etc. These people barely manage to earn a living and yet they perform these services because no alternative opportunities for work are available to them.

7. **Assertion :** Leela works five days a week, receives her income on the last day of each month and gets medical facilities from her firm.

**Reason :** Leela is working in organized sector.

**Ans :** (a) Both assertion and reason are true, and reason is the correct explanation of assertion.

The firms in organized sector 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

8. **Assertion :** Mohan is a shopkeeper who pays his taxes on time. He has employed two workers Rakesh and Raghu in his shop. He pays them well, however, none of the workers get any paid leaves in the year.

**Reason :** Rakesh and Raghu are employed in unorganized sector.

**Ans :** (a) Both assertion and reason are true, and reason is the correct explanation of assertion.

If Rakesh and Raghu were employed in organized sector, they would receive benefits such as paid leaves, medical insurance and pension schemes from the employer. Mohan is not following labour laws as he does not provide any paid leave to his employees in the year.

9. **Assertion :** When calculating the total value of goods and services produced in a country, the value of all goods and services at each stage of production should be calculated.

**Reason :** At each stage of production some value is added to a good or service, therefore, the value added at each stage of production is added to derive the total value of goods and services in an economy.

**Ans :** (d) Both assertion and reason are false.

When calculating the total value of goods and services produced in a country, the value of final goods and services is calculated. If we add the value of goods and services at each stage of production, we will get an inflated GDP as the same value would be included multiple times.

- 10. Assertion :** There are several goods and services that the society needs; however, the private sector does not produce all of them.

**Reason :** Private sector is profit driven.

**Ans :** (a) Both assertion and reason are true, and reason is the correct explanation of assertion.

Some of the services such as defense require a lot of spending and do not provide any profit. Therefore, private sector does not invest in such activities. Also, certain services such as public transportation and irrigation facilities require massive spending which is beyond the capacity of private sector.

- 11. Assertion :** In India, the primary sector is the largest employer.

**Reason :** The demand for services has increased enormously.

**Ans :** (b) Both assertion and reason are true, but reason is not the correct explanation of assertion.

The primary sector remains the largest employer in India because not enough jobs were created in the secondary and tertiary sectors. However, the demand for services has increased owing to increase in demand for education, health, communication and transportation, development of agriculture sector, increase in level of income and development of information and technology sector.

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