

Exercises

1. Fill in the blanks using the correct option given in the bracket:

- (i) Employment in the service sector _____ increased to the same extent as production.
(has / has not)
- (ii) Workers in the _____ sector do not produce goods. (tertiary / agricultural)
- (iii) Most of the workers in the _____ sector enjoy job security. (organised / unorganised)
- (iv) A _____ proportion of labourers in India are working in the unorganised sector.
(large / small)
- (v) Cotton is a _____ product and cloth is a _____ product. (natural / manufactured)
- (vi) The activities in primary, secondary and tertiary sectors are _____. (independent / interdependent)

Answer

- (i) has not
(ii) tertiary
(iii) organised
(iv) large
(v) natural
(vi) interdependent

2. Choose the most appropriate answer.

- (a) 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

✓(iii) ownership of enterprises

- (b) Production of a commodity, mostly through the natural process, is an activity in _____ sector.

- (i) primary
(ii) secondary
(iii) tertiary
(iv) information technology

✓(i) primary

- (c) 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

✓(ii) all final goods and services

(d) In terms of GDP the share of tertiary sector in 2003 is _____

- (i) between 20 per cent to 30 per cent
- (ii) between 30 per cent to 40 per cent
- (iii) between 50 per cent to 60 per cent
- (iv) 70 per cent

✓(iii) between 50 per cent to 60 per cent

3. Match the following:

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

Answer

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4. Find the odd one out and say why.

- (i) Tourist guide, dhobi, tailor, potter
- (ii) Teacher, doctor, vegetable vendor, lawyer
- (iii) Postman, cobbler, soldier, police constable
- (iv) MTNL, Indian Railways, Air India, SAHARA Airlines, All India Radio

Answer

- (i) Tourist guide

He is appointed by the government, while dhobi, tailor and potter belong to the private sector.

- (ii) Vegetable vendor

His is the only profession that does not require a formal education.

- (iii) Cobbler

The rest are workers in the public sector, while his profession is part of the private sector.

- (iv) SAHARA Airlines

It is a private enterprise, while the rest are government undertakings.

5. A research scholar looked at the working people in the city of Surat and found the following.

Place of work	Nature of employment	Percentage of working people
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in marketplaces with	–	15

formal license		
People working on the street, construction workers, domestic workers	–	20
Working in small workshops usually not registered with the government	–	–

Complete the table. What is the percentage of workers in the unorganised sector in this city?

Answer

Place of work	Nature of employment	Percentage of working people
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in market places with formal license	<u>Organised</u>	15
People working on the street, construction workers, domestic workers	<u>Unorganised</u>	20
Working in small workshops usually not registered with the government	<u>Unorganised</u>	<u>50</u>

The percentage of workers in the unorganised sector in this city is 70%.

6. Do you think the classification of economic activities into primary, secondary and tertiary is useful? Explain how.

Answer

The classification of economic activities into primary, tertiary and secondary is useful on account of the information it provides on how and where the people of a country are employed. also this helps in ascertaining as to which sector of economic activity contributes more or less to the country's GDP and per capita income.

If the tertiary sector is developing much faster than the primary sector, then it implies that

agriculture is depleting, and the government must take measures to rectify this. The knowledge that the agricultural profession is becoming unpopular or regressive can only come if we know which sector it belongs to. Hence it is necessary to classify economic activities into these three sectors for smooth economic administration and development.

7. For each of the sectors that we came across in this chapter why should one focus on employment and GDP? Could there be other issues which should be examined? Discuss.

Answer

For each of the sectors that we came across in this chapter, one should focus on employment and GDP because these determine the size of a country's economy. A focus on employment and GDP helps determine two important things- per capita income and productivity. Hence, in each of the three sectors, employment rate and status as well as its contribution to the GDP help us understand how that particular sector is functioning and what needs to be done to initiate further growth in it.

Yes, the other issues which should be examined are –

- Balanced regional development
- Equality in income and wealth among the people of the country.
- How to eradicate poverty
- Modernization of technology
- Self-reliance of the country
- How to achieve surplus food production in the country.

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

Answer

The tertiary sector is different from other two sectors. This is because other two sectors produce goods but, this sector does not produce goods by itself. But the activities under this sector help in the development of the primary and secondary sectors. These activities are an aid or support for the production process. For example, transport, communication, storage, banking, insurance, trade activities etc. For this reason this sector is also known as service sector.

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

Answer

Disguised Unemployment is a kind of unemployment in which there are people who are visibly employed but are actually unemployed. This situation is also known as Hidden Unemployment. In such a situation more people are engaged in a work than required. For example:

- In rural areas, this type of unemployment is generally found in agricultural sector like – in a family of 9 people all are engaged in the same agricultural plot. But if 4 people are withdrawn from it there will be no reduction in output. So, these 4 people are actually disguisedly employed.
- In urban areas, this type of unemployment can be seen mostly in service sectors such as in a family all members are engaged in one petty shop or a small business which can be managed by less number of persons.

11. Distinguish between open unemployment and disguised unemployment.

Answer

Open Unemployment	Disguised unemployment
When a country's labour force do not get opportunities for adequate employment, this situation is called open unemployment.	This is a kind of unemployment in which there are people who are visibly employed but actually they don't have full employment. In such a situation more people are engaged in a work than required.
This type of unemployment is generally found in the industrial sector of our country. This is also found among the landless agricultural labourers in rural areas.	This type of unemployment is generally found in unorganized sector where either work is not constantly available or too many people are employed for the same work that does not require so many hands.

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

Answer

No, I do not agree with the statement that tertiary sector is not playing any significant role in the development of Indian economy. The tertiary sector has contributed vastly to the Indian economy, especially in the last two decades. In the last decade, the field of information technology has grown, and consequently, the GDP share of the tertiary sector has grown from around 40% in 1973 to more than 50% in 2003.

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

Answer

The service sector in India employs the following two different kinds of people. They are:

- The people involved in the services that may directly help in the production of goods. For example, people involved in the transportation, storage, communication, finance etc.
- The people involved in such services that may not directly help in the production of goods e.g. teachers, doctors, barbers, cobblers lawyers etc. They may be termed as ancillary workers means those who give services to the primary service providers.

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

Answer

Yes, workers are exploited in the unorganized sector. This would be clear from the following points:

- There is no fixed number of working hours. The workers normally work 10 – 12 hours without paid overtime.
- They do not get other allowances apart from the daily wages.
- Government rules and regulations to protect the labourers are not followed there.
- There is no job security.
- Jobs are low paid the workers in this sector are generally illiterate, ignorant and unorganized. So they are not in a position to bargain or secure good wages.
- Being very poor they are always heavily in debt. So, they can be easily made to accept lower wages.

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

Answer

On the basis of employment conditions, the activities in the economy are classified into organized and unorganized sectors.

- **Organized Sector** This sector covers those enterprises which are registered by the government and have to follow its rules and regulations. For example, Reliance Industries Ltd., GAIL etc.
- **Unorganized Sector** It includes those small and scattered units which are largely outside the control of the government. Though there are rules and regulations but these are never followed here. For example, casual workers in construction, shops etc. In this sector there is no job security and the conditions of employment are also very tough.

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

Answer

The employment conditions prevailing in the organised and unorganised sectors are vastly different. The organised sector has companies registered with the government and hence, it offers job security, paid holidays, pensions, health and other benefits, fixed working hours and extra pay for overtime work. On the other hand, the unorganised sector is a host of opposites. There is no job security, no paid holidays or pensions on retirement, no benefits of provident fund or health insurance, unfixed working hours and no guarantee of safe work environment.

17. Explain the objective of implementing the NREGA 2005.

Answer

The objective of implementing the NREGA 2005 are:

- To increase the income and employment of people.
- Every state/region can develop tourism, regional craft, IT etc. for additional employment.
- The central government made a law implementing the right to work in 200 districts.
- NREGA aims to provide employment of 100 days. If it fails to do so, it will give unemployment allowances to the people.

19. Discuss and fill the following table giving one example each from your area.

	Well-managed organisation	Badly-managed organisation
Public sector		
Private sector		

Answer

	Well-managed organisation	Badly-managed organisation
Public sector	Delhi Metro Rail Corporation	Air India
Private sector	Reliance Mobile	Satyam

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

Answer

A few examples of public sector activities are provision of water, electricity and some modes of transport. The government has taken these up because water and power are needed by everyone. If the work of providing electricity and water is left to private enterprises, the latter might exploit this opportunity and sell these at rates which the masses cannot afford. Hence, to ensure that basic amenities like water and power are available for all, the government supplies these at low and affordable rates.

21. Explain how public sector contributes to the economic development of a nation.

Answer

In the following ways Public sector contributes to the economic development of a nation:

- It promotes rapid economic development through creation and expansion of infrastructure.
- It creates employment opportunities.
- It generates financial resources for development.
- It is ensuring equality of income, wealth and thus, a balanced regional development.
- It encourages development of small, medium and cottage industries.
- It ensures easy availability of goods at moderate rates.
- Contributes to community development i.e. to the Human Development Index (HDI) via health and educational services.

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

Answer

The workers in the unorganised sector need protection:→ Wages: Labourers who are employed as repair person, vendor etc. do not have fixed income. They nearly manage to earn their living. They are not employed all through the year.

- Safety: Workers in unorganized sector are not provided with safe drinking water or clean environment. Eg., Working in mining, chemical industries is hazardous.
- Health: Leave not granted in case of sickness. Medical facilities are not offered, Eg., Construction workers.

23. 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. What kind of ways should be thought of for generating more employment in the city?

Answer

–	Organised Sector	Unorganised Sector	Total
No. of workers	4,00,000	11,00,000	15,00,000
Income (Rs)	32,000 million	28,000 million	60,000 million

It is clear that while a larger portion of workers is working in the unorganized sector, the per capita earning of those in the organized sector is more. The government should encourage the entrepreneurs in the unorganized sector to change them into the organized sector. Moreover, government should introduce some incentives so that more industries could be opened up in the organized sector.

24. The following table gives the GDP in Rupees (Crores) by the three sectors:

Year	primary	secondary	tertiary
1950	80,000	19,000	39,000
2000	3,14,000	2,80,000	5,55,000

- Calculate the share of the three sectors in GDP for 1950 and 2000.
- Show the data as a bar diagram similar to Graph 2 in the chapter.
- What conclusions can we draw from the bar graph?

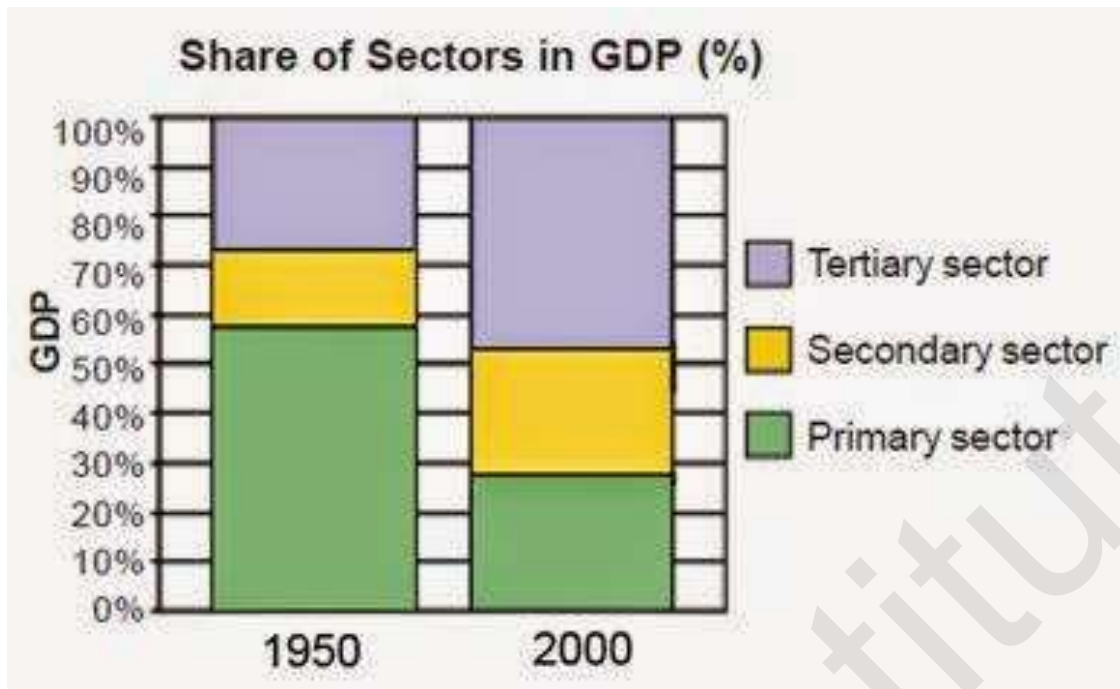
Answer

(i) In 1950,

primary sector = 57.97%, secondary sector = 13.77%, tertiary sector = 28.26%

In 2000,

primary sector = 27.33%, secondary sector = 24.37%, tertiary sector = 48.30%(ii)



(iii) We can draw the conclusion that the share of the tertiary sector in the GDP has almost doubled, while that of the primary sector has almost halved. The secondary sector has grown by about 10% in the last five years.