

## 2

## CHAPTER

## Sectors of the Indian Economy

## Level - 1

## CORE SUBJECTIVE QUESTIONS

## MULTIPLE CHOICE QUESTIONS (MCQs)

1. Option (B) is correct

**Explanation:** Option (I) is false as government policies in recent decades have increasingly supported industrialisation and the service sector rather than focusing solely on agriculture.

Option (II) is true as a significant portion of India's workforce is still engaged in agriculture, even though its contribution to GDP has decreased.

Option (III) is true because the secondary and tertiary sectors have not expanded enough to absorb the large workforce, leading to disguised unemployment in agriculture.

Though Option (IV) is false as, it does not explain why employment in the primary sector remains high. Instead, it describes the interdependence of sectors.

2. Option (D) is correct

**Explanation:** The organised sector refers to jobs that provide job security, regular wages, fixed working hours, benefits like pensions, health insurance, and leave policies. Government jobs, banks, and registered companies fall under this sector.

A farmer irrigating his field is an example of unorganised sector as agriculture is mostly informal and seasonal.

A handloom weaver working in her house is also an example of unorganised sector as it is Work from home and not under a registered organization.

A headload worker carrying cement is an example of unorganised sector as it is casual labour with no job security.

A teacher in a government school is an example of organised sector as there is regular salary, job security, and benefits.

3. Option (C) is correct

**Explanation:** The image shows workers making bricks manually, which indicates labour-intensive, informal employment. The unorganised sector consists of workers who have no fixed wages, job security, or benefits like health insurance or pensions. They often work in small-scale industries, construction, brick kilns, and agricultural labour

and face poor working conditions and irregular employment.

4. Option (B) is correct

**Explanation:** The primary, secondary, and tertiary sectors are classified based on the nature of activities they perform. The primary sector includes Extraction and harvesting of natural resources. For Example: farming, fishing, forestry, mining.

The secondary Sector includes manufacturing and industrial production. For Example: Factories, construction, textile production, brick-making.

The tertiary sector includes services and trade. For Example: Banking, education, healthcare, transportation, IT services.

5. Option (C) is correct

**Explanation:** The image shows a retail clothing store where goods are being sold. Retail and trade services are part of the tertiary sector, which includes all economic activities related to services, trade, transportation, banking, education, and healthcare.

6. Option (C) is correct

**Explanation:** The image shows doctors providing healthcare services. The Tertiary sector includes services like healthcare, education, banking, retail, and transportation. Since doctors are providing medical care, this falls under the tertiary sector.

7. Option (A) is correct

**Explanation:** The primary sector has the highest share in employment in India. A large portion of India's population is engaged in agriculture and related activities, even though its contribution to GDP is lower compared to the secondary and tertiary sectors. This is due to factors like a large rural population, lack of alternative employment opportunities, and low levels of industrialisation in many regions.

8. Option (A) is correct

**Explanation:** The work being done in the picture involves farming or harvesting crops, which is a part of the Primary sector. This sector includes activities that are directly dependent on natural

resources, such as agriculture, fishing, forestry, and mining. The workers shown in the image are engaged in agricultural activity, making it a primary sector activity.

9. Option (A) is correct

**Explanation:** The National Statistical Office (NSO) is responsible for providing data regarding employment in India. It conducts surveys such as the Periodic Labour Force Survey (PLFS) to collect and analyse employment-related statistics in the country.

10. Option (A) is correct

**Explanation:** Kanta is working in the organised sector because she receives her salary regularly and also gets additional benefits as per government regulations. The organised sector follows formal rules, offers job security, and provides benefits such as provident fund, paid leave, and medical facilities.

11. Option (D) is correct

**Explanation:** In the unorganised sector, although some rules and regulations may exist, they are not properly followed. Workers in this sector often face irregular employment, low wages, lack of job security, and absence of benefits like provident funds, paid leave, and medical facilities.

12. Option (C) is correct

**Explanation:** The tertiary sector includes services such as finance, education, healthcare, information technology, trade, and transport. Over recent decades, this sector has become the dominant contributor to India's GDP, outpacing the primary (agriculture) and secondary (manufacturing) sectors.

13. Option (D) is correct

**Explanation:** From the table, the primary sector employs 231 million workers in the unorganised sector, which is significantly higher than the other sectors. Even though the total number of workers in the primary sector is 232 million, the unorganised sector dominates, making it the largest employer overall.

14. Option (C) is correct

**Explanation:** The organised sector is characterised by formal employment with facilities such as

health insurance, provident fund, and medical leave, which are provided to workers. Since 'A' receives these benefits in the garment export industry, it indicates that they are part of the organised sector.

15. Option (D) is correct

**Explanation:** The unorganised sector refers to activities that do not provide formal employment benefits such as job security, health insurance, or provident funds. A daily wage labourer working under a contractor typically lacks such benefits, which places them in the unorganized sector. The other options involve activities that are part of the organised sector, where employees generally receive more formal employment benefits.

16. Option (B) is correct

**Explanation:** The National Rural Employment Guarantee Act (NREGA) primarily applies to rural areas and focuses on providing employment to unorganised workers, especially for public works like construction and infrastructure development. It does not specifically apply to enterprises in the organized sector.

The other acts mentioned — the Minimum Wages Act, the Factories Act, and the Payment of Gratuity Act — all apply to enterprises in the organised sector, ensuring fair wages, safe working conditions, and benefits for employees.

17. Option (B) is correct

**Explanation:** Even though Kamalkant pays his taxes on time, the fact that the workers do not get any paid leave suggests that they are not receiving formal employment benefits, which is characteristic of the unorganised sector. In the organised sector, workers are generally entitled to benefits such as paid leave, insurance, and other formal employment perks.

18. Option (A) is correct

**Explanation:** In this scenario, the farmer is moving from the primary sector (agriculture) to the tertiary sector (services). The tertiary sector involves services such as transportation, trade, and delivery, which is what the farmer is joining by becoming part of a food delivery agency. The other options either stay within the primary sector or shift to the secondary sector.

## MATCH THE FOLLOWING QUESTIONS

1. Option (C) is correct

**Explanation:** A fisherman belongs to the primary sector as they extract natural resources.

A tailor belongs to the secondary sector as they are involved in manufacturing.

An astronaut belongs to the tertiary sector, providing specialised services.

A courier belongs to the tertiary sector, offering delivery services.

2. Option (A) is correct

**Explanation:** Mining belongs to the primary sector as it involves extracting natural resources.

Tailor's job comes under the secondary sector.

Fishing is part of the primary sector since it involves collecting natural resources.

Steel worker is part of secondary sector.

3. Option (A) is correct

**Explanation:** Fishermen belong to the primary sector as they extract natural resources (fish from water).

Priests provide religious services, which fall under the Tertiary Sector.

Basket weaving involves making products from raw materials, which belongs to the secondary sector.

Farmer is part of the primary sector (agriculture).

4. Option (B) is correct

**Explanation:** Flower cultivation is part of the Primary Sector as it involves agriculture.

Milk vendor provides a service (selling milk), which falls under the tertiary sector

Gardener provides maintenance services, making it a part of the tertiary sector.

Fisherman belongs to the primary sector, as fishing involves extracting natural resources.

## ASSERTION-REASON QUESTIONS

1. Option (D) is correct

**Explanation:** Assertion is false because in an organised sector ratio of the employee exploitation is very low, they enjoy a secure working atmosphere. The employees in the organised sector has many benefits such as pension, gratuity etc. apart from job security.

2. Option (A) is correct

**Explanation:** The primary sector provides raw materials such as crops, minerals, and natural

resources to the secondary sector, which relies on these inputs to manufacture finished goods. Without the raw materials supplied by the primary sector, the secondary sector would struggle to produce its goods. Both assertion and reason are true and reason correctly explain the assertion as how is the primary sector the backbone for secondary sector.

## VERY SHORT ANSWER TYPE QUESTIONS

	Public Sector	Private Sector
1. (i)	The government owns most of the assets.	The ownership of assets is in the hands of private individuals or companies.
(ii)	Activities in the public sectors are guided by the motive towards the welfare of society.	Activities in the private sectors are guided by the motive to earn profits.
(iii)	Example: Railways or Post Offices	Example: Tata Steel, Reliance Industries

2. (i) Improved irrigation facilities so that farmers harvest two or three crops in one year, thus more people can be employed.
- (ii) Provide better roads and improve transportation and storage, which will benefit farmers so that people will be employed in these sectors.
- (iii) Honey collection centres or vegetable and fruit processing units should be set up.

(iv) More cottage industries and services should be promoted in rural areas with soft loans and marketing support.

(v) More infrastructural and manufacturing facilities. (Any two)

3. (i) Tertiary sector is a service sector which provides services like banking, communication, transportation, personal services such as washerman etc.
- (ii) The activities of tertiary sector help in the development of the primary and the secondary sectors.
- (iii) These activities provide aid or a support for the production process.
- (iv) This sector develops with the income levels.
- (v) New services in this sector such as IT related have gained importance with the development. (Any two)
4. Disguised unemployment/underemployment
- Labour is divided between Suman and her siblings and neither of them are using their labour to its full potential.

## SHORT ANSWER TYPE QUESTIONS

1. If more men are working than required it is called as disguised unemployment. In this case, the other three who are not required should take up different jobs that would increase the total family income. For example, they can be employed in

projects like building of dams, canals or roads in the village.

The problem of disguised unemployment can be solved by following ways:



- 
- (i) Government can invest some money in transportation and storage of crops or make better rural roads so that mini-trucks reach everywhere.
  - (ii) Promotion of industries like setting up a dal mill, opening a cold storage could give an opportunity for farmers to store their products like potatoes and onions and sell them when the price is good.
  - (iii) In villages near forest areas, they can start honey collection centres where farmers can come and sell wild honey. It is also possible to set up industries that process vegetables and agricultural produce like potato, sweet potato, rice, wheat, tomato, fruits, which can be sold in outside markets and thus generate employment.
  - (iv) Government can plan to give loans at lower rates of interest to people in rural areas to start something new thereby solving problems of underemployment. **(Any three)**
2. (i) Raman was happy because in the organised sector they enjoy security of employment. They are expected to work only a fixed number of hours. If they work more, they have to be paid overtime by the employer. They also get several other benefits from their employers as they get paid leave, payment during holidays, provident fund, gratuity etc. They are supposed to get medical benefits, and, under the laws, the factory manager must ensure facilities like drinking water and a safe working environment. When they retire, these workers get pensions as well.
- (ii) Whereas Sunil was unhappy because 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. Jobs here are low-paid and often not regular. There is no provision for overtime, paid leave, holidays, leave due to sickness etc. Employment is not secure. People can be asked to leave without any reason. When there is less work, such as during some seasons, some people may be asked to leave.
- (iii) A lot also depends on the whims of the employer. This sector includes many people who are employed on their own doing small jobs such as selling on the street or doing repair work.
3. (i) In any country several services such as hospitals, educational institutions, post and telegraph services, police stations, courts, village administrative offices, municipal corporations, defence, transport, banks, insurance companies, etc. are required, these can be considered as basic services. In a developing country the government must take responsibility for the provision of these services.
- (ii) The development of agriculture and industry leads to the development of services such as transport, trade, storage and the like, as we have already seen. Greater the development of the primary and secondary sectors, more would be the demand for such services.
- (iii) 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. You can see this change quite sharply in cities, especially in big cities.
- (iv) Over the past decade or so, certain new services such as those based on information and communication technology have become important and essential. The production of these services has been rising rapidly. Nevertheless, the 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. Hence, only a part of this sector is growing in importance. **(Any three points)**
4. (i) Tertiary sector is the third category of activities after primary and secondary sectors.
- (ii) The activities of tertiary sector help in the development of the primary and tertiary sector.
- (iii) These activities by themselves do not produce a good but they are an aid or a support for the production process.
- (iv) Tertiary sector provides services like transport, banking, communication, storage, trade etc.
- (v) Since these activities generate services rather than goods, the tertiary sector is also called service sector. It includes some essential services that may not directly help in production of goods. For traders and doctors etc.
- (vi) Tertiary sector provides employment to a large number of people.
- (vii) The share of tertiary sector in GDP is the highest in our country.
- (viii) Tertiary sector also helps in bringing the much required foreign reserves. **(Any three)**
5. (i) In the public sector government owns most of the assets and provides all the services.
- (ii) It promotes rapid economic development through infrastructure creation.

- (iii) It constructs roads, bridges, railway, harbours, generates electricity etc.
  - (iv) Providing irrigation through dams etc.
  - (v) Fair Price Ration shop.
  - (vi) It creates employment opportunities.
  - (vii) Attention to aspect of human development such as availability of safe drinking water.
  - (viii) Housing facilities for the poor.
  - (ix) The public sector plays a vital role in contributing to the Human Development Index via its functioning in health and education services. (Any three)
6. (i) The tertiary sector provides basic services like public transportation, medical care, electricity, banking, post office, etc.
- (ii) This sector creates employment even for uneducated and unskilled workers.
- (iii) The development of agriculture and industry leads to the development of services such as transport trade etc.
- (iv) As income levels rise the demand of tertiary sector also get enhanced.
- (v) Over the past decade or so certain new services such as those based on information technology have become important and essential. (Any three)
7. (i) Large number of workers in the unorganized sectors are paid very low salary and often get exploited.
- (ii) Jobs in these sectors are not secure.
- (iii) Benefits to workers, such as medical leave, gratuity etc., are not given regularly in the unorganised sector.
- (iv) There is need to save them from social discrimination.
- (v) The casual workers in both rural and urban areas need to be protected.
- (vi) Protection and support to the unorganised sector workers is thus necessary for both economic and social development.
- (vii) Most of the enterprises in unorganised sector adopt strategies to evade taxes and refuse to follow laws. (Any three)
8. (i) **Public Sector:** The government owns most of the assets and provides all the services. E.g. Railway or Post office are examples of Public Sector.
- (ii) **Private Sector:** Ownership of assets and delivery of services is in the hands of private individuals or companies. E.g. Companies like Tata Iron and Steel Company Limited (TISCO), Reliance Industries Limited (RIL) are privately owned companies.
9. The organised sector is generally preferable for employment. Here are three reasons why:
- Job Security and Stability:**  
Organised sector jobs usually offer permanent or long-term employment, ensuring better job security compared to the unorganised sector, where work is often irregular or seasonal.
- Better Wages and Benefits:**  
Employees in the organised sector receive regular and higher wages, along with benefits like paid leave, health insurance, pensions, and provident funds, which are usually missing in the unorganised sector.
- Legal Protection and Work Conditions:**  
Workers in the organised sector are protected by labour laws regarding working hours, workplace safety, and dispute resolution. In contrast, unorganised sector workers often face exploitation and poor working conditions.

## LONG ANSWER TYPE QUESTIONS

1. (i) There are rules and regulations but unorganised sectors hardly follows these.
- (ii) Jobs are low paid.
- (iii) Jobs are not regular.
- (iv) There is no provision for overtime.
- (v) There is no provision for paid leaves and leave due to sickness.
- (vi) Employment is not secure.
- (vii) Ensuring the protection of workers in this sector is a matter of economic and social justification and for inclusive development. (Any five)
2. (i) Ownership of assets and delivery of services are in the hands of private individuals.
- (ii) They charge money for the services.
- (iii) The facilities are based on earning and for profit making.
- (iv) Activities are based on market approach and analysis.
- (v) Even for primary facilities like health, education etc. they charge heavy amount.
- (vi) They seek competitive advantage.
- (vii) There are several things needed by the society as whole, which the private sector will not provide at a reasonable cost. (Any five)
- 3.
- |     | Organised Sector                            | Unorganised Sector                    |
|-----|---|---------------------------------------|
| (i) | Terms of employment are regular and secure. | Employment is not regular and secure. |

(ii)	They are registered and follow government rules and regulations e.g. Factory Act, Minimum wage Act, PF, Gratuity etc.	They are outside the control of government and not registered. They do not follow government rules and regulations.
(iii)	Their job is secure and work for a fixed number of hours. Paid extra for overtime.	Their job is insecure and work for a longer number of hours.

(iv)	They get several benefits from their employer e.g. medical benefits, paid leaves, gratuity, provident fund etc.	They do not get any benefits and facilities from their employer.
(v)	They also get facilities like safe drinking water, working environment etc.	They do not get any facility at all.

## Level - 2 ADVANCED COMPETENCY FOCUSED QUESTIONS

### MULTIPLE CHOICE QUESTIONS (MCQs)

1. Option (C) is correct

**Explanation:** The classification of the economy into primary, secondary, and tertiary sectors is based on the nature of economic activities:

Primary sector includes activities related to natural resources (like farming, fishing, mining). Secondary sector involves manufacturing and industry, where raw materials are converted into finished goods.

Tertiary sector includes services like transport, education, healthcare, and banking.

This classification helps understand what type of work is being done, not the employment levels, planning priorities, or ownership patterns.

2. Option (C) is correct

**Explanation:** The statement "All three sectors of the economy are interdependent" means that:

Primary sector (like agriculture) needs tools and machines from the secondary sector and transport or banking from the tertiary sector.

Secondary sector (factories) depends on raw materials from the primary sector and services like electricity and communication from the tertiary sector.

Tertiary sector (services) supports and is supported by both primary and secondary sectors.

So, no sector works in isolation — they rely on each other for smooth functioning and overall economic development.

3. Option (C) is correct

**Explanation:** The rise of the tertiary sector (service sector) as the largest producing sector in India indicates:

A rapid expansion of services such as information technology, transport, communication, education, healthcare, trade, and banking.

It reflects economic development, urbanisation, and increased demand for services in both rural and urban areas.

4. Option (D) is correct

**Explanation:** When more people are engaged in a job than actually needed, and even if some of them stop working, the total output does not decrease, it is called disguised unemployment. This is commonly found in agriculture, especially in rural areas, where several family members might be working on a small piece of land, though only a few are actually needed to produce the same output.

5. Option (C) is correct

**Explanation:** The unorganised sector is characterised by irregular employment and low job security, lack of benefits such as paid leave, health insurance, pension, etc., no fixed working hours, and often lower wages, poor working conditions, often without government oversight or regulation. This sector includes casual workers, small-scale businesses, and many self-employed individuals.

### ASSERTION-REASON QUESTIONS

1. Option (C) is correct

**Explanation:** Assertion is true. Economic activities are classified into primary, secondary, and tertiary sectors based on the nature of the activity involved (e.g., extraction of natural resources, manufacturing, or services).

Reason is false because the classification is not based on the ownership of enterprises. Instead, it's based on the type of economic activity — not whether the enterprise is public or private.

2. Option (A) is correct

**Explanation:** Assertion is true. In recent decades, the tertiary sector (services) has indeed become the largest contributor to India's GDP, surpassing both the primary and secondary sectors.

Reason is also true because this growth is due to the increased demand for services like education, healthcare, banking, IT, transport, and communication, especially in urban and semi-urban areas.



Both assertion and reason are true and the reason correctly explains why the tertiary sector has grown so significantly.

3. Option (A) is correct

**Explanation:** Assertion is true. Disguised unemployment is indeed common in the agricultural sector, especially in rural areas of developing countries like India.

Reason is also true because in disguised unemployment, more people are working than necessary, and removing some workers does not reduce the total output, meaning their contribution is effectively zero.

Both assertion and reason are true and reason is the correct explanation of assertion.

4. Option (A) is correct

**Explanation:** Assertion is true. The organised sector offers better job security, fixed working hours, and social benefits like paid leave, provident fund, pension, and health care.

Reason is also true because these benefits exist because the organised sector is registered with the government and is legally bound to follow labour laws and regulations.

Both assertion and reason are true and reason is the correct explanation of assertion.

## VERY SHORT ANSWER TYPE QUESTIONS

1. The tertiary sector has become more important in recent decades due to the following reasons:

(i) **Increased Demand for Services:** With rising incomes and a growing population, there is greater demand for services such as education, healthcare, banking, transport, and communication. As people's standard of living improves, they spend more on these essential services.

(ii) **Growth of Information Technology and Communication:** The rapid expansion of sectors like IT, software services, telecommunications, and digital platforms has created new opportunities and contributed significantly to GDP. India has become a global hub for IT and business process outsourcing.

2. Disguised unemployment refers to a situation where more people are employed in a job than actually needed, and even if some of them stop working, there is no reduction in output.

**Example in agriculture:** In rural areas, a small plot of land may be worked on by 6 family members, while the same work could be done by just 3. The extra 3 people are disguisedly unemployed — they appear to be working but are not adding to productivity.

It is considered hidden because:

- (i) The unemployed people are not visibly jobless — they are working.
- (ii) Their unproductiveness is not obvious, as they are involved in a family or traditional occupation.
- (iii) It does not show up in official unemployment statistics.

Thus, disguised unemployment is a major problem in the agricultural sector where labour is underutilised.

3. Workers in the unorganised sector need protection due to the following two key reasons:

- (i) **Lack of Job Security and Low Wages:** Workers in the unorganised sector often have no

fixed employment, can be removed without notice, and are usually paid very low wages, sometimes even below the minimum wage.

- (ii) **Absence of Social Benefits:** They do not receive benefits like health insurance, paid leave, pension, or provident fund. In case of illness, accidents, or old age, they have no financial support or security.

4. **Primary Sector:** This sector includes economic activities that involve the use of natural resources directly. It is also known as the agriculture and allied sector. Example: Farming — it involves growing crops by using land and natural resources like water and sunlight.

**Secondary Sector:** This sector includes activities that involve processing or manufacturing of goods using raw materials from the primary sector. It is also known as the industrial sector. Example: Textile factory — it manufactures clothes using cotton, which is a raw material from the primary sector.

5. The government must continue to provide basic services through the public sector for the following two important reasons:

- (i) **To Ensure Access for All, Especially the Poor:** Basic services like healthcare, education, water supply, electricity, and sanitation are essential for a decent life. The private sector may not provide these services at affordable rates for everyone, especially the poor. The government ensures equal access to these services, regardless of people's ability to pay.

- (ii) **To Promote Social Welfare and National Development:** The public sector focuses on social welfare rather than profit. By providing basic services, the government helps improve living standards, promotes literacy and public health, and builds a strong, skilled workforce — all of which are crucial for long-term national development.

## SHORT ANSWER TYPE QUESTIONS

1. The tertiary sector has gained significant importance in the Indian economy over the past few decades due to the following reasons:
  - (i) **Rising Demand for Services:** With increasing income levels, urbanization, and awareness, there is a growing demand for services such as education, healthcare, banking, transport, trade, and communication. These services are essential for improving the quality of life.
  - (ii) **Growth of Information Technology and Communication:** The rapid development of the IT and software industry, along with advancements in communication technology, has made India a global hub for outsourcing and service exports, leading to large-scale employment and revenue generation.
  - (iii) **Support to Primary and Secondary Sectors:** The tertiary sector provides essential support services like transportation, storage, marketing, and financial services that help in the smooth functioning of agriculture and industry. This interdependence has increased the demand for service-based activities.
2. This situation exists because of the following reasons:
  - (i) **Lack of Alternative Employment Opportunities:** In many rural areas, there are limited job options outside agriculture. Due to underdeveloped industrial and service sectors in villages, people are forced to depend on farming for their livelihood, even if it is not productive.
  - (ii) **Low Levels of Education and Skills:** A large portion of the rural population has low levels of education and limited vocational skills, making it difficult for them to shift to better-paying jobs in the secondary or tertiary sectors.
  - (iii) **Disguised Unemployment in Agriculture:** Agriculture in India often involves more workers than necessary. This leads to disguised unemployment, where many people appear employed but do not contribute significantly to production. They stay in agriculture due to lack of awareness or alternatives.
3. Disguised unemployment is a form of hidden unemployment where more people are engaged in work than actually needed, and removing a few of them does not reduce the output. It is common in rural areas, especially in the agricultural sector.

**Example:** Suppose a small piece of farmland can be efficiently cultivated by 3 people, but 6 people from the same family are working on it. Even if 3 of them stop working, the total farm output remains the same. These extra 3 people are disguisedly unemployed — they appear employed but are not adding to productivity.

It affects productivity:

  - (i) Low productivity per worker because the same output is divided among more people.
  - (ii) Wastage of human resources that could have been used in other productive activities.
  - (iii) Slower economic development since surplus labour remains stuck in low-income jobs instead of shifting to the secondary or tertiary sectors.
4. The characteristics of unorganised sector are:
  - (i) **Irregular and Insecure Employment:** Workers in this sector do not have stable jobs. They can be removed at any time without notice, and there is no job security.
  - (ii) **Lack of Social Benefits:** These workers do not receive benefits like paid leave, health insurance, pension, or provident fund. They are not covered under labour laws.
  - (iii) **Low Wages and Poor Working Conditions:** Many are paid less than the minimum wage, and they often work in unsafe or unhealthy conditions with long hours and no protection.

Workers in the unorganised sector need protection because they are economically vulnerable and socially insecure. Without legal safeguards, they suffer from exploitation, poor wages, and lack of dignity. Protection through government laws, welfare schemes, and regulation is essential to ensure their livelihood, health, and future security.
5. The key features of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 are:
  - (i) **Legal Guarantee of Employment:** MGNREGA provides a legal guarantee of at least 100 days of wage employment per year to every rural household whose adult members are willing to do unskilled manual work.
  - (ii) **Focus on Rural Development:** The scheme aims to create durable assets like roads, ponds, canals, and wells in rural areas, which not only provide jobs but also contribute to infrastructure development and agricultural productivity.
  - (iii) **Wages and Transparency:** Wages are paid according to minimum wage laws, and the Act includes provisions for transparency and accountability, such as job cards, social audits, and grievance redressal systems to prevent corruption and ensure fair implementation.



## CASE BASED QUESTIONS

1. (i) Hypothetical Scenario 1 & 3, the number of people employed in the agricultural sector will decrease significantly solving the problem of underemployment or invisible unemployment.  
(ii) Given table represent the percentage of workers working in the different sectors of the Indian economy.  
(iii) The primary, secondary, and tertiary sectors are indeed interdependent, with each sector relying on the output of the other sectors. For instance, the secondary sector requires raw materials from the primary sector, and the tertiary sector relies on both the primary and secondary sectors for inputs such as goods and services. This interdependence is a fundamental aspect of the economy, emphasising the inter-connectedness of different sectors in the production and distribution of goods and services.
2. (i) Unpaid leaves are more common in the unorganised sector because of the informal nature of employment, lack of job security, and limited bargaining power of workers.  
(ii) The unorganised sector has their own rules and regulation, terms of employment, etc., they are not bound with government norms.  
(iii) If there is a decrease in formal employment opportunities, workers may be forced to seek employment in the informal sector where jobs are often less stable and lack benefits. This can result in a greater proportion of the workforce operating in informal arrangements, even within what remains of the formal sector.
3. (i) Disguised unemployment refers to a situation where more people are employed than actually needed, and even if some workers are removed, total output does not decrease. It is common in the agricultural sector in rural areas.  
(ii) The tertiary sector is becoming more important due to the growing demand for services like education, healthcare, transport, banking, and IT, especially in urban areas, and it contributes the most to India's GDP.  
(iii) **Challenges:**  
(1) Lack of job security  
(2) No access to social security benefits like health care or pensions  
**Government initiative:** The government has implemented MGNREGA, which provides 100 days of wage employment to rural households, helping to reduce unemployment and improve workers' conditions in the unorganised sector.
4. (i) Sumitra's job is considered part of the organised sector because she has a regular salary, fixed working hours, pension benefits, and her employment is registered with the government and protected by labour laws.  
(ii) Pranshu's work is classified under the unorganised sector because he has no job security or fixed income, and his earnings depend on uncertain factors like the weather and crop yield.  
(iii) (1) Implement welfare schemes like MGNREGA, which guarantee wage employment and provide financial support during periods of no work.  
(2) Ensure access to social security benefits, such as health insurance, accident cover, and pension schemes, to improve their financial and social protection.

## LONG ANSWER TYPE QUESTIONS

1. The classification of economic sectors helps us understand the structure and functioning of the economy by dividing activities based on their nature and role in the production process. The economy is broadly classified into three sectors:  
(i) **Primary Sector:** This sector involves the use of natural resources directly to produce goods.  
Activities: Agriculture, fishing, forestry, mining.  
Example: A farmer growing wheat or a fisherman catching fish.  
(ii) **Secondary Sector:** This sector involves the manufacturing and processing of goods using raw materials from the primary sector.  
Activities: Factories, construction, small-scale industries.  
Example: A textile factory making clothes from cotton or a steel plant using iron ore.  
(iii) **Tertiary Sector:** This sector provides services that support the primary and secondary sectors and meet the needs of individuals.  
Activities: Transport, banking, healthcare, education, IT services.  
Example: A teacher in a school, a truck driver transporting goods, or a bank offering loans.  
All three sectors are closely linked and rely on each other:  
(i) The primary sector provides raw materials (like crops, minerals) to the secondary sector for processing.

- (ii) The secondary sector manufactures goods that are distributed and sold with the help of the tertiary sector (transport, retail, and communication).
  - (iii) The tertiary sector supports both the primary and secondary sectors by offering services like banking, marketing, education, and health, which improve efficiency and productivity.
2. The tertiary sector is growing faster than the primary and secondary sectors in India due to the following reasons:
- (i) **Rising Demand for Services:** With increasing population, urbanisation, and income levels, there is greater demand for services like education, healthcare, transport, banking, and communication.
  - (ii) **Growth of Information and Communication Technology (ICT):** India has seen a rapid expansion of IT and software services, which fall under the tertiary sector. This has generated huge employment opportunities and foreign income, especially in urban areas.
  - (iii) **Development of Infrastructure and Trade:** As the economy grows, there is a need for better transport, storage, retail, and financial services to support production and distribution, leading to a rise in service-based activities.
  - (iv) **Support to Primary and Secondary Sectors:** The tertiary sector provides essential services like transport, banking, insurance, and communication that are necessary for the functioning and growth of both agriculture and industry.
  - (v) **Increase in Government and Private Sector Investments:** The government and private companies have been investing more in service sectors such as education, health, tourism, and finance, which has contributed to economic growth and employment.
3. Disguised unemployment is a type of hidden unemployment where more people are engaged in a job than actually required, and removing some workers does not affect the total output. It is most commonly found in the agricultural sector in rural areas.
- The features of disguised unemployment are:
- (i) **No Impact on Output:** Even if a few people stop working, the total production remains the same.
  - (ii) **Overemployment:** More workers are employed than needed for a particular task or activity.
  - (iii) **Low Productivity:** Since surplus workers are not contributing effectively, overall productivity per worker is low.
  - (iv) **Common in Rural Areas:** Especially found in farming families, where all members work on the same small piece of land.
- Example:** A small farm needs 3 people to work efficiently, but 6 family members are working on it. Even if 3 of them take up other jobs or stop working, the farm's output remains unchanged. These extra 3 are disguisedly unemployed.
- The ways to tackle disguised unemployment are:
- (i) **Promote Non-Farm Employment:** Encourage jobs in small-scale industries, handicrafts, animal husbandry, and rural services to absorb surplus labour from agriculture.
  - (ii) **Improve Rural Education and Skill Training:** Provide vocational training and education so rural youth can find better opportunities in secondary and tertiary sectors.
4. The problems faced by workers in the unorganised sector are:
- (i) **Lack of Job Security:** Workers can be removed at any time without notice, and there is no guarantee of regular work.
  - (ii) **Low and Irregular Wages:** Many workers earn less than the minimum wage, and payments are often delayed or irregular.
  - (iii) **No Social Security Benefits:** They do not receive benefits like health insurance, provident fund, pension, or paid leave.
  - (iv) **Poor Working Conditions:** Workplaces are often unsafe, unhygienic, and lack basic facilities such as clean water, toilets, or safety equipment.
  - (v) **Long Working Hours with No Legal Protection:** Workers in the unorganised sector often work very long hours without overtime pay or proper breaks, and are not protected by labour laws.
- Steps to Protect the Rights of Unorganised Sector Workers:**
- (i) **Implementation of Labour Laws:** Enforce existing labour regulations to ensure minimum wages, fixed working hours, and safe conditions.
  - (ii) **Expansion of Welfare Schemes:** Provide access to government schemes like health insurance (e.g., Ayushman Bharat), pension plans, and accident insurance.
  - (iii) **Skill Development and Education:** Offer vocational training and literacy programs to help workers to find better-paying and secure jobs in other sectors.
  - (iv) **Registration and Legal Support:** Encourage the registration of workers and provide legal aid to protect them from exploitation and unfair practices.
  - (v) **Promotion of Self-Help Groups and Cooperatives:** Support the formation of SHGs and cooperatives to promote workers to better bargaining power and access to credit.

