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Chapter 2 : Sectors of the Indian Economy

SECTION A : Multiple Choice Questions

(1 Mark Each)

Q1. Which of the following is a primary sector activity? [CBSE 2023] [1]

- (a) Banking (b) Mining (c) Teaching (d) Transport

Ans: (b) Mining. Primary sector activities involve extraction of natural resources - agriculture, mining, fishing, forestry, and dairy.

Q2. Which sector has the highest share in GDP of India? [CBSE 2022] [1]

- (a) Primary (b) Secondary (c) Tertiary (d) All equal

Ans: (c) Tertiary (Service) sector. It contributes the most to India's GDP, though the primary sector employs the most workers.

Q3. MGNREGA guarantees employment for how many days in a year? [CBSE 2024] [1]

- (a) 50 days (b) 100 days (c) 150 days (d) 200 days

Ans: (b) 100 days. Mahatma Gandhi National Rural Employment Guarantee Act guarantees 100 days of wage employment per year to rural households.

Q4. Disguised unemployment is mostly found in which sector? [CBSE 2021] [1]

- (a) Service sector (b) Industrial sector (c) Agricultural sector (d) IT sector

Ans: (c) Agricultural sector. More people are employed than actually needed. If some workers are removed, production would not decrease.

Q5. Which of the following is an example of tertiary sector activity? [CBSE 2020] [1]

- (a) Farming (b) Manufacturing (c) Banking (d) Mining

Ans: (c) Banking. Tertiary sector provides services like banking, transport, communication, healthcare, education, and IT.

Q6. What is GDP? [CBSE 2023] [1]

- (a) Grand Domestic Price (b) Gross Domestic Product (c) General Development Plan (d) None

Ans: (b) Gross Domestic Product. It is the total value of all final goods and services produced within a country during a particular year.

Q7. Who measures the GDP in India? [CBSE 2022] [1]

- (a) RBI (b) Central Statistical Organisation (c) NITI Aayog (d) Finance Ministry

Ans: (b) Central Statistical Organisation (now NSO - National Statistical Office) measures India's GDP.

Q8. Workers in the unorganised sector: [CBSE 2021] [1]

- (a) Get regular salaries (b) Have paid leave and provident fund
(c) Have no job security or benefits (d) Work only 8 hours a day

Ans: (c) Have no job security or benefits. Unorganised sector workers have low wages, no paid leave, no provident fund, and can be dismissed anytime.

Q9. The full form of MGNREGA is: [CBSE 2020] [1]

- (a) Mahatma Gandhi National Rural Employment Guarantee Act
(b) Maharashtra Government National Rural Employment Growth Act
(c) Ministry of Government National Rural Education Growth Act
(d) None of the above

Ans: (a) Mahatma Gandhi National Rural Employment Guarantee Act. Enacted in 2005, it provides legal guarantee of 100 days work to rural households.

Q10. Assertion (A): The share of primary sector in GDP has decreased over time.

Reason (R): More people are moving from agriculture to service and manufacturing sectors. [CBSE 2024] [1]

- (a) Both true and (R) correctly explains (A) (b) Both true but (R) does not explain (A)
(c) (A) is true but (R) is false (d) (A) is false

Ans: (b) Both true but (R) does not correctly explain (A). GDP share fell due to growth in tertiary sector, not just labour movement. Most workers are still in agriculture.

SECTION B : Short Answer Questions

(3 Marks Each)

Q11. Distinguish between organised and unorganised sectors. [CBSE 2023] [3]

- **Organised:** Has formal rules, regular working hours, paid leave, provident fund, medical benefits, and job security. E.g., government offices, banks, large factories.
- **Unorganised:** No fixed rules, low and irregular wages, no social security, and workers can be dismissed without notice. E.g., small workshops, domestic workers.
- **Key Difference:** About 93% of Indian workers are in the unorganised sector. They need government protection through laws like MGNREGA and minimum wages.

Q12. What is disguised unemployment? Explain with example. [CBSE 2022] [3]

- **Meaning:** When more people are employed on a task than actually required. Removing some workers would not reduce production.
- **Example:** If 5 members of a family work on a small farm that needs only 3, the remaining 2 are disguisedly unemployed - they appear employed but add nothing.
- **Prevalence:** Common in Indian agriculture due to excess labour, small landholdings, and lack of alternative employment in rural areas.

Q13. How has the tertiary sector become the most important in India? Give reasons. [CBSE 2024] [3]

- **Basic Services:** Transport, storage, communication, banking, and trade are essential to support agriculture and industry, creating demand for services.
- **Rising Income:** As income rises, people spend more on healthcare, education, tourism, and entertainment, boosting the service sector.
- **IT Revolution:** India's IT and BPO industries have grown enormously, contributing significantly to GDP and exports, making services the dominant sector.

Q14. Why is MGNREGA important for rural development? [CBSE 2021] [3]

- **Employment Guarantee:** It legally guarantees 100 days of wage employment per year to every rural household willing to do unskilled manual work.
- **Wage Protection:** If employment is not provided within 15 days, the government must pay unemployment allowance. This creates a safety net.
- **Asset Creation:** Work done under MGNREGA creates productive assets like roads, ponds, wells, and canals that benefit the rural community long-term.

Q15. How are economic activities classified into different sectors? Give examples of each. [CBSE 2020] [3]

- **Primary Sector:** Activities directly using natural resources - agriculture, fishing, mining, forestry, dairy. Also called agriculture sector.
- **Secondary Sector:** Manufacturing and processing of raw materials into finished goods - factories, construction, power generation. Also called industrial sector.
- **Tertiary Sector:** Services that support primary and secondary sectors - banking, transport, insurance, communication, IT, education, healthcare.

SECTION C : Long Answer Questions

(5 Marks Each)

Q16. "Though the share of the primary sector in GDP has declined, a large proportion of workers continue to be employed in it." Explain this paradox. [CBSE 2024] [5]

Ans: This is a major challenge in Indian economy:

- **GDP Share Declined:** Primary sector's share has fallen from over 50% in 1950s to about 14% now. Service and manufacturing sectors have grown faster.

- **Employment Stuck:** About 42% of India's workforce is still in agriculture. People have not moved out because alternative jobs are insufficient.
- **Disguised Unemployment:** Many workers in agriculture are disguisedly unemployed - they work on family farms but contribute little to output.
- **Low Productivity:** Small landholdings, dependence on monsoons, and lack of modern technology keep agricultural productivity low.
- **Need for Shift:** Government must create more non-farm employment through industrialisation, skill development, and schemes like MGNREGA.

Q17. Suggest measures to protect workers in the unorganised sector. [CBSE 2023] [5]

Ans: Workers in the unorganised sector need protection through:

- **Legal Protection:** Government should enforce minimum wages, regulate working hours, and ensure safe working conditions in small enterprises.
- **Social Security:** Provident fund, health insurance, and pension schemes must be extended to unorganised workers through schemes like PM-SYM.
- **MGNREGA:** The employment guarantee scheme provides a safety net. It should be strengthened with higher wages and more workdays.
- **Skill Development:** Training programmes should help unorganised workers upgrade skills and move to better-paying organised employment.
- **Credit Access:** Banks and cooperatives should provide cheap credit to small workers and artisans, reducing their dependence on moneylenders.

Q18. Explain the importance of the tertiary sector in the Indian economy. How has it grown over the years? [CBSE 2022] [5]

Ans: The tertiary sector is now India's dominant sector:

- **GDP Contribution:** Service sector now contributes over 50% of India's GDP, surpassing agriculture and industry combined.
- **Supporting Sectors:** Transport, storage, trade, and banking directly support agriculture and industry. Without these, other sectors cannot function.
- **New Services:** IT, BPO, telecom, and financial services have emerged as major growth engines, earning foreign exchange and creating quality employment.
- **Government Services:** Education, healthcare, defence, and administration employ millions and provide essential public services.
- **Challenge:** However, not all service sector jobs are high-paying. Many workers in transport, shops, and domestic work earn low wages with no job security.

Q19. How is GDP calculated? Why is the tertiary sector becoming dominant in India? [CBSE 2021] [5]

Ans: GDP and the rise of the service sector:

- **GDP Calculation:** GDP = total value of all final goods and services produced within the country in a year. Measured by National Statistical Office (NSO).
- **Only Final Goods:** Only final goods are counted to avoid double counting. Value of intermediate goods is excluded from GDP calculation.
- **Sector Shares:** In 1950, agriculture dominated GDP. By 2020s, tertiary sector became dominant with over 50% share, followed by secondary (about 25%).
- **Reasons for Tertiary Growth:** Rising incomes, urbanisation, IT revolution, expansion of banking/insurance, and growing demand for education and healthcare.
- **Employment Mismatch:** Despite highest GDP share, tertiary sector doesn't employ the most workers. Agriculture still employs the largest share of the workforce.

Q20. Distinguish between public and private sectors with examples. Why is the public sector important? [CBSE 2020] [5]

- **Public Sector:** Government owns and controls major assets and provides services. E.g., Railways, BHEL, NTPC, government hospitals and schools.
- **Private Sector:** Ownership and control by private individuals/companies driven by profit motive. E.g., Tata Motors, Reliance, Infosys, private hospitals.
- **Essential Services:** Public sector provides services that private sector won't (unprofitable but essential) - rural roads, drinking water, sanitation.
- **Heavy Investment:** Infrastructure like dams, power plants, and railways need massive investment that only the government can afford initially.

- **Social Welfare:** Public sector ensures equitable access to education, healthcare, and employment through subsidies and welfare schemes for the poor.

--- End of Chapter 2 PYQ ---

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