

CBSE CLASS X  
**Social Science (087)**

## ANSWER KEY

AI-generated question paper

Code: PV9oXN

Questions: 47

Maximum Marks: 140

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**SELECTIONS USED**

|                        |   |
|------------------------|---|
| Subject                | Social Science  |
| Lessons                | 2 Sectors of the Indian Economy                                   |
| Level of understanding | Thorough understanding  |
| Question selection     | Curated chapter coverage (~5 questions per section + 8 synthesis) |
| Model                  | claude-sonnet-4-6   |

Composition — Difficulty: 2 straightforward · 25 medium · 20 deep | Types: 31 Short · 8 Long · 6 MCQ · 2 Very short

Q1. medium thorough-understanding § Notes for the Teacher

[3]

A student claims that GDP alone is the most important measure to understand an economy. Based on what you know about sectoral analysis, why is it also important to study employment patterns separately across sectors, and not just total production?

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**Model Answer**

GDP measures total production but does not reveal *where* people are actually employed. In India, the tertiary sector contributes the most to GDP, yet the majority of workers remain in the primary sector. This gap shows that high production in a sector does not mean high employment in it. Studying employment patterns separately helps identify problems like disguised unemployment (especially in agriculture), unprotected workers in the unorganised sector, and the need for targeted government policies to generate jobs where people actually work.

Source: Chapter 2 – Sectors of the Indian Economy, "Comparing the Three Sectors" and "Summing Up"

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**Explanation**

- The key textbook fact examiners expect: **tertiary sector leads in GDP but primary sector leads in employment** — state this contrast clearly.
- Connect it to *why it matters*: unemployment, disguised unemployment, unorganised sector workers needing protection.
- Avoid writing a vague general answer; examiners look for the GDP–employment gap as the central point.
- 3 marks = roughly 3 distinct points: (1) GDP ≠ employment picture, (2) the India-specific gap, (3) policy/problem implication.

Q2. deep thorough-understanding § Notes for the Teacher

[3]

Workers in the unorganised sector often lack job security, paid leave, and social security benefits. Explain why protecting these workers is important not only for their economic well-being but also for their overall social development. Give relevant examples from the chapter.

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### Model Answer

Protecting unorganised sector workers is essential for both economic and social development.

**Economic reasons:** Workers like landless agricultural labourers, small farmers, street vendors, and construction workers earn irregular and low wages. Without protection through minimum wages, credit facilities, and marketing support, they remain trapped in poverty.

**Social reasons:** A majority of workers from Scheduled Castes, Tribes, and backward communities are employed in this sector. They face not only economic exploitation but also social discrimination. Without support, their social development is hindered.

**Examples:** Small and marginal farmers (nearly 80% of rural households) need seeds, credit, and storage facilities. Urban casual workers like rag pickers and garment makers need legal protection and safe working conditions.

Source: *How to Protect Workers in the Unorganised Sector, Chapter 2*

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### Explanation

- The examiner expects **both** economic and social dimensions — missing either loses marks.
- Cite specific examples from the chapter: landless labourers, sharecroppers, street vendors, SC/ST workers. Generic examples won't score as well.
- The key concluding idea — "protection is necessary for both economic and social development" — is directly from the textbook and should appear in your answer.
- Avoid over-elaborating; 3 marks = ~3 distinct points with brief support.

Q3. medium thorough-understanding § Notes for the Teacher

[2]

When studying the service sector's growth in India, why is it misleading to treat it as a single, uniformly growing sector?

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### Model Answer

The service sector cannot be treated as uniformly growing because it contains two very different groups. At one end are highly skilled, educated workers in fast-growing services like IT. At the other end are small shopkeepers, repair persons, and transport workers who barely earn a living and work in these jobs only because no alternative employment is available to them.

Source: Chapter 2, "Rising Importance of the Tertiary Sector in Production"

### Explanation

The examiner wants students to highlight the **internal inequality within the tertiary sector** — not just that it's large, but that growth is uneven. The key contrast is between high-skill/high-growth services and low-income survival-based services. Quote or paraphrase the textbook line: *"not all of the service sector is growing equally well"* — this signals you've read the chapter carefully. Avoid vague statements like "the sector is diverse"; be specific about the two ends described in the text.

Q4. medium thorough-understanding § Sectors of Economic Activities

[3]

A company extracts iron ore from a mine, melts it in a furnace to produce steel rods, and then transports and sells those rods to construction firms. Classify each of these three stages into the correct sector of economic activity and justify your classification.

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### Model Answer

#### Stage 1 — Extracting iron ore (Primary Sector):

This is a primary sector activity because it involves directly extracting a natural resource (iron ore) from the earth. Mining and quarrying fall under the primary sector.

#### Stage 2 — Melting ore in a furnace to produce steel rods (Secondary Sector):

This is a secondary/industrial sector activity because a natural product (iron ore) is transformed into a manufactured good (steel rods) through an industrial/manufacturing process.

#### Stage 3 — Transporting and selling steel rods to construction firms (Tertiary Sector):

This is a tertiary/service sector activity because transport and trade do not produce goods themselves but aid and support the movement and sale of goods produced in other sectors.

Source: *Sectors of Economic Activities, Chapter 2*

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### Explanation

- The three-sector classification is based on **nature of activity** — this is the key phrase examiners look for.
- Link each stage clearly: **natural resource extraction** → **primary**; **manufacturing/transformation** → **secondary**; **transport/trade/services** → **tertiary**.
- One line of classification + one line of justification per stage is the ideal structure for a 3-mark answer.
- Avoid writing long definitions; focus on applying the concept to the given scenario.

Q5. medium thorough-understanding § Sectors of Economic Activities

[3]

The tertiary sector is often called a 'support sector' for primary and secondary activities. Do you agree with this view? Give reasons with examples to justify your answer, also mentioning any ways in which the tertiary sector functions independently.

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### Model Answer

Yes, I agree that the tertiary sector largely acts as a support sector.

**As a support sector:** Tertiary activities like transport, storage, banking, and communication directly aid primary and secondary sectors. For example, trucks transport wheat (primary) to mills, and banks provide loans to factories (secondary) to continue production.

**Independent functioning:** However, the tertiary sector also functions independently. Services like education, healthcare, legal services, and IT (call centres, software companies) do not directly support goods production but serve people and society on their own.

Thus, the tertiary sector is both a support sector *and* an independent sector generating services.

Source: *Sectors of Economic Activities, Chapter 2*

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### Explanation

- The examiner expects **both sides**: support role (with examples) + independent role (with examples).
- Key examples from the text: transport, storage, banking (support); teachers, doctors, IT services (independent).
- Avoid writing only one side — the question specifically asks for "ways in which the tertiary sector functions independently," so omitting it loses marks.
- Keep examples crisp; one per point is enough for 3 marks.

Q6. medium thorough-understanding § Sectors of Economic Activities

[1]

Which of the following correctly explains why economists use the value of final goods and services — rather than all goods and services — to measure total production?

- (A) Intermediate goods are not produced within the country's borders.
- (B) Counting all goods and services would lead to double-counting, inflating the actual value of production.
- (C) Intermediate goods are always imported, so they are excluded from domestic calculations.
- (D) Final goods have a higher monetary value than intermediate goods and thus represent production more accurately.

A Intermediate goods are too difficult to price accurately in the market.

B Including intermediate goods would count the value of the same inputs more than once, inflating the total.

C Final goods are always more expensive than intermediate goods, so they represent the economy better.

D Only final goods are produced in the secondary sector, making them easier to track.

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### Model Answer

#### Answer: (B)

Only final goods and services are counted because the value of intermediate goods (like wheat and flour) is already included in the final good's price. Counting them separately would mean counting the same value more than once, inflating total production.

Source: *Comparing the Three Sectors, Chapter 2*

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#### Explanation

The textbook uses the wheat → flour → biscuit example to explain this directly: the value of biscuits (Rs 80) already includes the value of flour and wheat. Counting all three would count the same inputs multiple times — this is **double-counting**. Examiners look for the phrase "double-counting" or the idea that "value of intermediate goods is already included in the final good." Options A, C, and D are factually incorrect per the textbook.

Q7. deep thorough-understanding § Sectors of Economic Activities

[3]

Cotton is grown by a farmer, spun into yarn by a textile unit, and then woven into cloth sold to consumers. If the cloth sells for ₹500, the yarn was purchased for ₹300, and the cotton was purchased for ₹120, what is the GDP contribution of this entire production chain? Explain your reasoning.

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### Model Answer

**GDP contribution = ₹500** (value of cloth, the final good only)

#### Reasoning:

- Cloth (₹500) is the **final good** — it reaches the consumer directly.
- Cotton (₹120) and yarn (₹300) are **intermediate goods** — they are used up in producing the final good.
- The value of cloth (₹500) already includes the value of yarn and cotton within it.
- Counting intermediate goods separately would mean counting the same value multiple times.
- Therefore, only the value of the **final good (₹500)** is counted in GDP.

**GDP contribution of this production chain = ₹500**

Source: Sectors of Economic Activities / Comparing the Three Sectors, Chapter 2

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#### Explanation

- The key concept here is **final goods vs. intermediate goods**. CBSE examiners specifically look for this distinction.
- Students often make the mistake of adding  $₹120 + ₹300 + ₹500 = ₹920$  — this leads to **double counting**, which the textbook explicitly warns against.
- The textbook uses the wheat–flour–biscuit example; this question mirrors that logic exactly. Use that parallel in your reasoning.
- Always state the GDP figure clearly at the end — examiners award marks for the correct conclusion separately.

Q8. deep thorough-understanding § Sectors of Economic Activities

[3]

The service sector includes both a software engineer working for a multinational company and a street-side cobbler repairing shoes. Both belong to the tertiary sector, yet their economic situations are very different. What does this tell us about the limitations of broad sectoral classification alone?

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### Model Answer

Broad sectoral (primary/secondary/tertiary) classification uses only the **nature of activity** as its criterion. It tells us *what* kind of work is done but not the *conditions* under which people work.

A software engineer and a cobbler both fall in the tertiary sector, yet one works in the organised sector with job security, fixed wages, and legal protections, while the other is in the **unorganised sector** with irregular income and no social security.

This shows that sectoral classification alone is insufficient. Additional classifications — such as **organised vs. unorganised** and **public vs. private** — are needed to fully understand workers' economic realities and address problems like exploitation and lack of protection.

Source: *Sectors of the Indian Economy (Let's Recall; Summing Up)*, Chapter 2

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### Explanation

- The examiner expects you to **identify the limitation**: tertiary sector groups very different workers together.
- Key term to use: **organised vs. unorganised sector** — this is the second classification in Chapter 2 that fills the gap left by primary/secondary/tertiary.
- Mention that **multiple classification criteria** (nature of activity + employment conditions + ownership) are needed together for a complete picture.
- Avoid writing a long essay — 3 marks = ~3 clear points in 60–90 words.

Q9. medium thorough-understanding § Comparing the Three Sectors

[3]

Why is it incorrect to calculate GDP by adding the value of wheat, then the value of flour made from that wheat, and then the value of biscuits made from that flour — all together?

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### Model Answer

Adding wheat + flour + biscuits together is incorrect because it leads to **double counting**.

Wheat and flour are **intermediate goods** — they are used up in producing the final good (biscuits). The value of the final good (biscuits = Rs 80) already includes the value of flour (Rs 25), which in turn includes the value of wheat (Rs 20). If we add all three separately, we count the value of wheat three times and the value of flour twice.

Only **final goods and services** should be counted in GDP to avoid this error.

Source: *Comparing the Three Sectors, Chapter 2*

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### Explanation

- The key term examiners expect is **double counting** — say it explicitly.
- Distinguish **intermediate goods** (wheat, flour) from **final goods** (biscuits) using the textbook's own example and figures (Rs 20, Rs 25, Rs 80).
- End with the rule: only final goods are included in GDP.
- 3 marks = roughly one defining point + one explanation with example + one concluding rule. This answer covers all three.

**Q10.** medium thorough-understanding § Comparing the Three Sectors

[3]

A furniture manufacturer buys timber worth ₹10,000, processes it, and sells finished chairs to consumers for ₹35,000. A student argues that to find the contribution to GDP, we should add ₹10,000 + ₹35,000 = ₹45,000. Is the student correct? What is the right amount to count, and why?

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### Model Answer

No, the student is **not correct**.

Timber worth ₹10,000 is an **intermediate good** — it is used up in making the chairs. The chairs sold for ₹35,000 are the **final good** that reaches the consumer.

The value of the final good (₹35,000) **already includes** the value of the intermediate good (timber). Counting both would mean counting the value of timber **twice** — once as raw material and again as part of the finished chair.

Therefore, the correct amount to count towards GDP is only **₹35,000** (the value of the final good).

*GDP is the value of all **final** goods and services produced within a country during a particular year.*

Source: Sectors of the Indian Economy, How do we count the various goods and services

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### Explanation

- Examiners want three things here: (1) identify the error, (2) explain the intermediate/final goods distinction, (3) state the correct figure.
- The key concept is **double counting** — if intermediate goods are added separately, their value gets counted more than once.
- Always link back to the definition of GDP: *value of all final goods and services*.
- The textbook uses the wheat→flour→biscuit example for exactly this concept; the chair example here follows the same logic.

**Q11.** medium thorough-understanding § Comparing the Three Sectors

[1]

[mcq] Which of the following best explains why GDP counts only the value of final goods and services, and not intermediate goods?

- (A) Intermediate goods are produced in the primary sector, which is considered less important.
- (B) Adding the value of intermediate goods along with final goods would count the same value multiple times, inflating the GDP figure.
- (C) Intermediate goods are always imported and therefore excluded from domestic production.
- (D) Final goods are always more expensive than intermediate goods, making them a better measure of economic size.
- A Intermediate goods are produced in the primary sector, which is already counted separately.
- B The value of all intermediate goods used is already embedded in the price of the final good, so including them again would count the same value more than once.
- C Intermediate goods are imported and therefore excluded from the domestic product.
- D Final goods are always more expensive than intermediate goods, making the calculation simpler.

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### Model Answer

#### Answer: (B)

The value of final goods already includes the value of all intermediate goods used in their production. Counting intermediate goods separately would mean counting the same value more than once, inflating the GDP figure.

Source: *Comparing the Three Sectors, Chapter 2*

#### Explanation

The textbook explicitly states: "The value of final goods already includes the value of all the intermediate goods that are used in making the final good." The biscuit example (wheat → flour → biscuits) illustrates this — counting wheat, flour, and biscuits separately would triple-count the same value. Options A, C, and D are factually incorrect as per the chapter. Examiners expect students to use the term "**double/multiple counting**" and link it to why only final goods are included in GDP.

Q12. medium thorough-understanding § Comparing the Three Sectors

[3]

[short\_answer] What does Gross Domestic Product (GDP) measure? Explain the role of the three sectors of the Indian economy in arriving at the GDP figure.

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### Model Answer

**GDP (Gross Domestic Product)** is the value of all **final goods and services** produced within a country during a particular year. It shows how big the economy is.

#### Role of the Three Sectors in arriving at GDP:

- The **primary sector** (agriculture, mining, fishing) produces natural goods. Its value is calculated and added.
- The **secondary sector** (manufacturing, industry) processes natural goods into finished products. Its value is added next.
- The **tertiary sector** (services like transport, banking, trade) provides supporting services. Its value is also added.

The sum of the value of final goods and services produced by all three sectors gives the **GDP** of the country. In India, this task is carried out by a central government ministry.

Source: Chapter 2 – Sectors of the Indian Economy, 'Comparing the Three Sectors'

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### Explanation

- The key definition line (final goods and services, not intermediate) is worth 1 mark — examiners specifically test this distinction.
- For the remaining 2 marks, you must mention all three sectors with a brief example and state that their combined output = GDP.
- Avoid writing about GVA vs GDP differences — that is beyond Class 10 scope.
- The phrase "final goods and services" is critical; writing "all goods and services" would be marked incorrect per the MCQ in the textbook exercises (Q2c).

**Q13.** deep thorough-understanding § Comparing the Three Sectors

[5]

The histories of now-developed countries show a sequence: first the primary sector dominated, then the secondary sector, and eventually the tertiary sector became the largest. Using economic reasoning, explain why this progression happens — that is, what causes each sector to hand over dominance to the next.

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### Model Answer

#### Primary → Secondary → Tertiary: The Logic of Sectoral Shift

**Stage 1 (Primary dominates):** At early stages of development, most people depend on agriculture and natural resources for survival. Farming absorbs the bulk of the workforce and generates most output.

**Primary → Secondary transition:** As farming methods improve, agricultural productivity rises — the same food is produced by fewer workers. Surplus labour is released. Simultaneously, rising incomes create demand for manufactured goods. Factories emerge, absorbing the surplus farm workers. The secondary sector gradually surpasses the primary in both output and employment.

**Secondary → Tertiary transition:** As industry expands, it generates growing demand for support services — transport, banking, storage, trade. Rising incomes also push people to spend on education, healthcare, tourism, and entertainment. New technology (IT, communication) further multiplies service opportunities. The tertiary sector then overtakes the secondary and becomes the largest.

In short, each sector's growth creates the conditions — surplus labour, rising incomes, new demands — that allow the next sector to dominate.

Source: *Historical Change in Sectors; Rising Importance of the Tertiary Sector in Production — Chapter 2*

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### Explanation

- The examiner expects **causal reasoning**, not just a description of the sequence. Show *why* each handover happens (productivity surplus → labour shift; income rise → new demand).
- Three key mechanisms to mention: **agricultural surplus labour**, **rising incomes creating new demand**, and **industry/agriculture generating demand for services**.
- The textbook explicitly states the primary→secondary shift happened due to "new methods of manufacturing" and people being "forced" off farms; secondary→tertiary due to basic service needs, development of other sectors, rising incomes, and IT-based services.
- At 5 marks, ~110–120 words with a clear logical flow is ideal. Avoid bullet points alone — use brief paragraphs or a mix.

Q14. deep thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[3]

While the GVA produced by India's tertiary sector grew about 14 times between 1977–78 and 2017–18, employment in that sector grew only about 5 times. What does this gap tell us about the nature of growth in the service sector?

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### Model Answer

The gap between GVA growth (14 times) and employment growth (only 5 times) in the tertiary sector reveals that growth in services was **not employment-intensive**. Production rose sharply, but did not generate proportional jobs.

This happened because not all services grew equally. High-skilled services like IT and finance grew rapidly with few workers, while a large number of workers remained engaged in low-productivity services — small shops, street vendors, repair persons — barely earning a living. These workers are often **underemployed**: apparently working but contributing less than their potential. Thus, service sector growth benefited a limited section and did not translate into adequate productive employment for the majority.

Source: Chapter 2 — Sectors of the Indian Economy; 'Rising Importance of the Tertiary Sector' and 'Where are most of the people employed?'

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### Explanation

- The examiner wants you to connect the **data** (14x vs 5x) to the **concept** of unequal/non-employment-intensive growth.
- Two key ideas must appear: (1) growth was concentrated in high-skill, capital-intensive services; (2) many service workers are underemployed/in low-productivity jobs.
- Avoid writing a general essay on the tertiary sector — stay focused on what the *gap* reveals.
- Mentioning "underemployment" or "disguised unemployment" earns marks as it uses correct textbook terminology.

Q15. medium thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[1]

In India, more than half the workforce is employed in the primary sector, yet this sector contributes only about one-sixth of the total GVA. Name the economic concept this imbalance points to and briefly explain it with an example.

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### Model Answer

This imbalance points to **disguised unemployment**. It means more people are engaged in an activity than actually needed — e.g., if 5 people work on a farm that only needs 3, removing 2 causes no loss in output.

### Explanation

Examiners expect you to name the concept correctly and give a one-line definition plus a quick example. "Disguised unemployment" (also called hidden unemployment) is the textbook term for the situation where the marginal productivity of labour is zero — extra workers add nothing to output. The classic NCERT example is excess farm workers. Keep the example tight; one sentence is enough for 1 mark.

Q16. medium thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[3]

Ramu works on his family's small farm alongside four relatives. He appears to be employed and is never seen idle, yet economists classify him as 'disguisedly unemployed'. Explain what this means and how his situation differs from that of someone who is openly unemployed.

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### Model Answer

**Disguised unemployment** means that a person appears to be working but is not actually contributing meaningfully to output. In Ramu's case, five family members share work that could be done by fewer people. Even if Ramu were removed, total farm output would not fall — his contribution is near zero.

**Openly unemployed** people are visibly without work and actively seeking jobs. Ramu, by contrast, seems busy — yet his labour is surplus and unproductive. This hidden form of unemployment is common in the agricultural sector in India.

Source: Sectors of the Indian Economy, Chapter 2

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### Explanation

- **Key terms to define:** disguised unemployment (hidden/structural unemployment in agriculture).
- Examiner looks for: (1) clear definition, (2) Ramu's specific situation applied to the concept, (3) contrast with open unemployment.
- Don't confuse disguised unemployment with underemployment (though they overlap) — the textbook specifically links it to agriculture where more workers are engaged than actually needed.
- The phrase "his contribution to output is near zero / output won't fall if he leaves" is the core idea examiners want.

Q17. deep thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[3]

India's development path differed from that of developed countries in a specific way: the shift in GVA shares happened, but a corresponding shift in employment shares did not. Why did employment not move out of the primary sector in step with production?

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### Model Answer

Employment did not shift out of the primary sector because **not enough jobs were created in the secondary and tertiary sectors** to absorb the surplus labour. Although industrial output rose by over nine times, industrial employment rose only about three times. Similarly, service sector production rose 14 times, but employment in it rose only about five times.

As a result, surplus labour remained trapped in agriculture, leading to **disguised unemployment (underemployment)** — where more people work on the land than are actually needed. They appear employed but contribute less than their potential, so moving them out would not reduce agricultural output.

Source: Chapter 2 — Sectors of the Indian Economy, "Where are most of the people employed?"

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### Explanation

- The examiner expects two linked points: (1) insufficient job creation in secondary/tertiary sectors, with specific data (9×/3× and 14×/5×), and (2) the consequence — disguised/hidden unemployment in agriculture.
- Always use the textbook terms **disguised unemployment** or **underemployment**; these fetch marks.
- The data figures (9 times, 3 times, 14 times, 5 times) are mentioned in the passage and add precision — use them.
- Do not write about MGNREGA or solutions; the question asks only *why* employment didn't shift.

**Q18.** medium thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[1]

Which of the following correctly explains why the tertiary sector became the largest contributor to India's GVA by 2017–18?

- (A) The primary and secondary sectors stagnated because of lack of private investment, leaving the tertiary sector as the only growing sector.
- (B) Growth in agriculture and industry increased demand for support services, rising incomes created new service demands, and IT-based services expanded rapidly.
- (C) The government deliberately reduced investment in agriculture and industry to promote services.
- (D) Secondary sector output fell sharply, so the tertiary sector's share automatically increased.

A The primary sector collapsed due to drought and low farm productivity.

B Growth in agriculture and industry increased demand for support services, rising incomes created new service demands, and IT-based services expanded rapidly.

C The government deliberately reduced investment in agriculture and industry to promote services.

D Secondary sector output fell sharply, so the tertiary sector's share automatically increased.

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### Model Answer

#### Answer: (B)

Growth in agriculture and industry increased demand for support services, rising incomes created new service demands, and IT-based services expanded rapidly.

#### Explanation

The textbook (Chapter 2) lists four specific reasons for the tertiary sector's rise: (1) need for basic government services, (2) development of agriculture/industry creating demand for transport, trade, storage, (3) rising incomes driving demand for services like tourism, private hospitals, and (4) rapid growth of IT/ICT-based services. Option B captures reasons 2, 3, and 4 accurately. Options A, C, and D are factually incorrect — all three sectors grew, the government did not deliberately reduce investment in primary/secondary, and secondary output did not fall.

Q19. medium thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[3]

A family of five works on a 1.5-hectare rain-fed plot. All five members put in effort throughout the year, yet if two of them left to work in a factory, total farm output would not fall. Using the concept of disguised unemployment, explain this situation and state what would change for the family if those two members did take up factory jobs.

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### Model Answer

**Disguised Unemployment:** A situation where more people are employed in a job than actually needed. The extra workers appear to be working but contribute little or nothing to output. Their marginal productivity is zero.

In this family, the 1.5-hectare rain-fed plot does not require all five members' full effort. Two members are *disguisedly unemployed* – they seem busy but removing them would not reduce total farm output, showing their actual contribution is negligible.

### What would change if those two took factory jobs:

- Family income would **increase** – they would earn factory wages in addition to farm income.
- Farm output would **remain the same**.
- The remaining three members could productively manage the farm alone.

Source: *Economics*, Chapter 2 (Sectors of the Indian Economy)

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### Explanation

- The key concept here is **disguised unemployment** (also called hidden unemployment), specific to agriculture in India. Examiners expect: definition + application to the scenario + consequence of removal.
- Always state that marginal productivity  $\approx$  zero for the extra workers.
- The "what changes" part must mention **income rises** (factory wages added) and **output stays same** – both points earn marks.
- Do not confuse with open unemployment (where a person finds no work at all).

**Q20.** deep thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[3]

A casual painter in a city searches for work daily. On many days he finds no employer. A street vendor spends the entire day selling but earns barely enough to survive. Are both of them examples of underemployment? Justify your answer by distinguishing between the two situations.

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### Model Answer

No, only the street vendor is an example of underemployment (disguised unemployment), not the casual painter.

**Casual painter:** He finds no work on many days. This is **open unemployment** — he is willing and able to work but gets no employment at all. He is not underemployed; he is simply unemployed.

**Street vendor:** He works the full day but earns barely enough to survive. This is **underemployment** — he appears employed but his labour is not productively or adequately utilised. His work does not generate sufficient income, reflecting disguised or underemployment.

Thus, the two situations are different: one involves absence of work, the other involves inadequate or unproductive work.

Source: *Sectors of the Indian Economy, Chapter 2*

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### Explanation

- The key distinction examiners look for is **open unemployment vs. underemployment (disguised unemployment)**.
- Don't say both are underemployed — that will cost marks. The painter is openly unemployed.
- Street vendor working all day for very low income = classic underemployment example (like too many people on a farm — removing one wouldn't reduce output).
- 3 marks = ~3 clear points: define/identify each case + conclude the distinction.

**Q21.** deep thorough-understanding § Primary, Secondary and Tertiary Sectors in India

[5]

"Even though industrial output in India grew by more than nine times between 1977–78 and 2017–18, this did not solve the problem of surplus labour in agriculture." Analyse this statement by examining how much secondary-sector employment actually grew and what the consequence was for the agricultural workforce.

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### Model Answer

Industrial output in India grew by more than nine times between 1977–78 and 2017–18, yet this did not resolve the problem of surplus labour in agriculture. The reasons are as follows:

1. **Limited employment growth in secondary sector:** Even though industrial production rose over nine times, employment in the secondary sector grew by only around **three times**. This gap shows that growth in output did not translate proportionately into jobs.
1. **Similar trend in tertiary sector:** Production in the service sector rose 14 times, but employment rose only about five times, further limiting absorption of surplus agricultural workers.
1. **Consequence for agriculture:** Since secondary and tertiary sectors could not absorb enough workers, more than half the workforce remained in agriculture, producing only about one-sixth of GVA — a classic case of **disguised unemployment (underemployment)**.
1. **Nature of underemployment:** Workers like Laxmi appear employed but contribute less than their potential, as more people than necessary are engaged in the same farm work.

Thus, output growth without matching employment growth left the agricultural sector burdened with surplus, underemployed labour.

Source: *Sectors of the Indian Economy, Chapter 2 — "Where are most of the people employed?"*

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### Explanation

- The key figures examiners expect: **9× industrial output, 3× industrial employment; 14× service output, 5× service employment; primary sector = 50%+ workforce but only ~1/6 of GVA.**
- Always link the data to the *consequence* — disguised/hidden unemployment in agriculture — using the textbook term.
- Avoid just describing underemployment generally; connect it specifically to the failure of secondary/tertiary sectors to absorb surplus labour.
- Laxmi's example can be briefly cited to illustrate underemployment but don't over-explain it in a 5-mark answer.

**Q22.** straightforward thorough-understanding § How to Create More Employment?

[3]

The central government enacted the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005. What specific guarantee does this law provide to rural workers, and what happens if the government fails to fulfil this guarantee?

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### Model Answer

The MGNREGA 2005 guarantees **100 days of employment in a year** to all those who are able to work and are in need of work in **rural areas**.

If the government fails in its duty to provide this employment, it is obligated to give **unemployment allowances** to the affected people.

Under this Act, preference is given to types of work that will help increase production from land in the future.

*Source: How to Create More Employment?, Chapter 2 – Sectors of the Indian Economy*

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### Explanation

- The question has **two parts**: (1) the guarantee provided, and (2) the consequence of government failure — address both clearly for full marks.
- Use the **exact figures**: 100 days, rural areas — examiners look for these specifics.
- The third point (preference for land-productive work) adds a useful detail that can fetch the third mark.
- Avoid writing vague statements like "the government helps workers" — be precise.

**Q23.** medium thorough-understanding § How to Create More Employment?

[3]

A village currently relies entirely on rain-fed agriculture. The government constructs a canal system that brings irrigation to the area. Explain the chain of effects this single intervention could have on employment – both within agriculture and in other sectors.

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### Model Answer

When a canal system is built, irrigation reaches previously rain-fed land. Farmers can now grow a **second crop** (e.g., wheat in rabi season), directly creating more agricultural employment and reducing underemployment.

With higher produce, farmers need to **transport and sell** their surplus, generating jobs in transport, trade, and storage (tertiary sector). Increased demand for seeds, fertilisers, and equipment boosts the **secondary sector**. Further, agro-processing units like dal mills or cold storages can be set up in semi-rural areas, creating additional industrial employment. Thus, one irrigation intervention triggers a chain of employment across all three sectors.

Source: *How to Create More Employment?*, Chapter 2

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### Explanation

- The examiner expects a **chain/multiplier effect**: agriculture → transport/trade → industry. Show linkages, don't just list benefits.
- Use textbook examples (second crop, transport, dal mill, cold storage) – these signal you've read the chapter.
- 3 marks = ~3 distinct linked points. One point per mark is a safe structure.
- Key term to use: **underemployment** (disguised unemployment reduced) in agriculture, and employment in **tertiary/secondary sectors** as downstream effects.

**Q24.** medium thorough-understanding § How to Create More Employment?

[1]

Which of the following best explains why setting up a dal mill or a cold storage unit in a semi-rural area helps reduce underemployment?

- (A) It replaces agricultural labour entirely, shifting workers to the secondary sector.
- (B) It creates additional employment by processing and storing farm produce, absorbing surplus agricultural workers productively.
- (C) It raises crop prices by limiting supply, thereby increasing farmers' incomes without adding jobs.
- (D) It transfers ownership of land to the government, ensuring equitable distribution of work.
- A It allows farmers to grow more crops by providing them with seeds and fertilisers.
- B It creates industrial and service jobs near where surplus agricultural labour already lives, absorbing workers who have no alternative employment.
- C It moves workers permanently out of agriculture so that farming income rises for those who remain.
- D It reduces the government's responsibility to provide unemployment allowances under MGNREGA.

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### Model Answer

#### Answer: (B)

Setting up a dal mill or cold storage creates processing and storage jobs in semi-rural areas, absorbing surplus agricultural workers who would otherwise remain underemployed near their homes.

Source: *Sectors of Economic Activity, Chapter 2 – Economics*

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### Explanation

- The textbook explicitly states that setting up industries like dal mills and cold storages in semi-rural areas "will provide employment in industries located in semi-rural areas."
- The key idea is **absorbing surplus/underemployed agricultural labour** without requiring them to migrate to cities.
- Option A (seeds/fertilisers) is about boosting crop production, not directly tackling underemployment via processing units.
- Option C (permanent shift out of agriculture) contradicts the textbook, which shows workers taking *additional/alternative* jobs, not permanently leaving farming.
- Option D (MGNREGA) is unrelated to dal mills/cold storage.
- Examiner looks for: correct identification that these units **create new jobs near surplus labour**, directly reducing underemployment.

**Q25.** medium thorough-understanding § How to Create More Employment?

[3]

A farmer takes out a high-interest loan from a moneylender to buy seeds and a pumpset. Despite a good harvest, most of her earnings go towards repaying the debt. How does access to cheap bank credit address this problem, and how is it connected to the broader goal of generating more employment in agriculture?

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### Model Answer

When a farmer borrows from a moneylender at high interest, most of her harvest earnings go towards repaying debt, leaving little for investment in land or inputs.

**Access to cheap bank credit** solves this by providing loans at reasonable interest rates. As stated in the textbook, if a local bank gives Laxmi credit at a reasonable rate, she can buy seeds, fertilisers, pumpsets and equipment in time, improving her cultivation without being trapped in a debt cycle.

**Connection to employment generation:** With cheap credit and irrigation, farmers like Laxmi can take a second crop (e.g., wheat in rabi season). One hectare of wheat can provide employment to two people for 50 days. When many farmers benefit, this significantly reduces underemployment in agriculture, creating more productive employment within the agricultural sector itself.

Source: *How to Create More Employment?*, Chapter 2

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### Explanation

- The question has two parts — **cheap credit solving debt trap** and **link to employment** — address both clearly.
- Examiners want you to connect credit → better cultivation → second crop → more employment using the Laxmi example from the textbook.
- Mentioning specific details (reasonable interest rate, second crop, 2 people × 50 days) shows you've read the chapter carefully and earns full marks.
- Avoid generic statements; always anchor to the textbook example.

**Q26.** deep thorough-understanding § How to Create More Employment?

[5]

Expanding education and health services is considered a powerful strategy for generating large-scale employment in India. Examine how investment in these social sectors can address underemployment. In what ways does this approach differ from a short-term employment scheme like MGNREGA? Support your answer with examples.

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### Model Answer

#### Investment in Education and Health to Address Underemployment:

Underemployment means people are working less than they are willing to, or are not fully utilising their skills. Expanding education and health services directly creates large-scale, productive employment.

- A Planning Commission study estimates **20 lakh jobs** can be created in the education sector alone — through building schools, hiring teachers, and support staff.
- Improving health services requires more **doctors, nurses, and health workers**, especially in rural areas, generating skilled employment.
- These are **long-term, permanent jobs** that simultaneously improve human development indicators.

#### Difference from MGNREGA:

MGNREGA is a **short-term, guaranteed employment scheme** providing 100 days of unskilled manual work per year to rural workers. It addresses immediate unemployment through a legal right to work, with government paying unemployment allowance if work is not provided.

In contrast, investment in education and health creates **sustainable, skilled, and permanent** employment while also developing the nation's human capital — addressing both underemployment and development goals together.

Source: Chapter 2 — Sectors of the Indian Economy; How to Create More Employment?

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### Explanation

- Examiners look for: (1) definition or context of underemployment, (2) specific data point (20 lakh jobs in education), (3) health sector example, (4) clear contrast with MGNREGA — short-term vs long-term, unskilled vs skilled.
- Always use the Planning Commission study figure — it's directly from the textbook and earns marks.
- MGNREGA detail: 100 days, rural areas, Right to Work — these are scoring keywords.
- Don't write a general essay; use crisp points for this type of question.

Q27. deep thorough-understanding § How to Create More Employment?

[3]

Underemployment in agriculture means there are more workers on farms than are actually needed. Why does simply moving some of these workers to other sectors NOT automatically solve the problem of rural poverty, and what additional conditions must be met for their shift to genuinely improve family incomes?

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### Model Answer

Simply moving workers out of agriculture may not reduce rural poverty because:

- 1. No guaranteed income elsewhere:** The shifted workers must find *productive, paid employment* in other sectors. If they remain jobless or underemployed in the new sector, family income does not rise.
- 1. Remaining workers need better conditions:** Those who stay on the farm need irrigation, cheap credit, seeds, and fertilisers to raise productivity and actually earn more.
- 1. Additional conditions required:**
  - Development of industries and services in semi-rural areas to absorb the shifted workers.
  - Investment in rural roads, transport, and storage so farmers can market surplus produce.
  - Access to institutional credit at low interest rates so farming becomes viable.
  - Government support through schemes like MGNREGA to provide a safety net during transition.

Unless these conditions are met, the shift merely relocates poverty rather than solving it.

Source: *How to Create More Employment?*, Chapter 2

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### Explanation

Examiners look for two distinct threads: (1) why mere movement is insufficient, and (2) what additional conditions are needed. Ground both points in the textbook examples — Laxmi's farm, irrigation, credit, rural roads, semi-rural industries, and MGNREGA. Avoid vague generalities; use specific textbook evidence. For 3 marks, 2–3 developed points with brief justification each is ideal — don't write an essay.

**Q28.** straightforward thorough-understanding § Division of Sectors as Organised and Unorganised

[1]

[very\_short\_answer] Kamal works 12 hours a day at a grocery shop, has no appointment letter, receives no paid leave, and can be dismissed without notice. (i) Name the sector Kamal belongs to based on conditions of employment. (ii) State any one consequence of such working conditions on Kamal's economic security.

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### Model Answer

(i) Kamal belongs to the **unorganised sector**.

(ii) His employment is not secure — he can be dismissed anytime, leaving him with no stable income and no economic safety net.

### Explanation

- The question tests knowledge of organised vs. unorganised sector based on employment conditions. Kamal has no appointment letter, no paid leave, and can be dismissed without notice — all hallmarks of the unorganised sector.
- For part (ii), any one valid consequence is enough: no job security, irregular/low income, no provident fund/gratuity, or vulnerability to poverty. Pick one and state it clearly.
- Source: Chapter 2, "Division of Sectors as Organised and Unorganised."

**Q29.** medium thorough-understanding § Division of Sectors as Organised and Unorganised

[3]

[short\_answer] A daily-wage construction worker and a permanent government school teacher both work in India's labour force, yet their working lives are vastly different. Using the organised/unorganised distinction, explain what specific protections the teacher enjoys that the construction worker does not, and why this difference exists.

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### Model Answer

The government school teacher belongs to the **organised sector**, while the daily-wage construction worker belongs to the **unorganised sector**.

#### Protections the teacher enjoys (that the worker does not):

- Regular, assured employment with a formal appointment letter
- Paid leave, paid holidays, and medical allowances
- Provident fund, gratuity, and pension after retirement
- Fixed working hours; overtime must be compensated

The construction worker gets none of these — employment is insecure, there is no paid leave, no provident fund, and the employer can dismiss them without reason.

**Why this difference exists:** The organised sector is registered with the government and must follow laws like the Factories Act, Minimum Wages Act, and Payment of Gratuity Act. The unorganised sector operates outside effective government control; rules exist but are not enforced.

Source: Chapter 2, "Division of Sectors as Organised and Unorganised"

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### Explanation

Examiners look for three things in this answer: (1) correct identification of which sector each worker belongs to, (2) at least 3–4 specific protections named (not vague phrases like "better conditions"), and (3) a reason rooted in government registration and legal enforcement. Quoting relevant Acts (Factories Act, Gratuity Act, etc.) adds precision and earns full marks. Avoid writing a general essay — keep points crisp and directly contrasted.

**Q30.** medium thorough-understanding § Division of Sectors as Organised and Unorganised

[3]

Since the 1990s, workers who previously held organised-sector jobs have increasingly been pushed into the unorganised sector. Why does this shift worsen their situation beyond simply a loss of income?

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### Model Answer

When workers shift from the organised to the unorganised sector, they lose far more than income. In the organised sector, they had **job security**, **regular wages**, and benefits like provident fund, paid leave, and overtime pay. The unorganised sector offers none of these protections.

Their earnings become **irregular and unpredictable**. They face **exploitation** as employers often evade labour laws and refuse to pay fair wages. There is **no job security** — they can be dismissed without notice. Workers also lose social protections and are often subject to **discrimination**, particularly those from scheduled castes and tribes who form the majority of the unorganised workforce.

Thus, the shift causes loss of security, legal protection, and dignity — not just income.

*Source: How to Protect Workers in the Unorganised Sector, Chapter 2*

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### Explanation

#### What examiners look for (3 marks):

- **Point 1:** Loss of job security and regularity of employment
- **Point 2:** Loss of benefits (provident fund, paid leave, etc.) and exposure to exploitation / unfair wages
- **Point 3:** Social vulnerability — discrimination, no legal protection

Avoid just saying "low income." The question specifically asks *beyond* income loss. The passage highlights irregularity, exploitation, lack of benefits, and social discrimination — hit all three for full marks. Keep your answer focused; no padding needed.

**Q31.** medium thorough-understanding § Division of Sectors as Organised and Unorganised

[3]

[short\_answer] Identify which of the following workers need protection in the unorganised sector and justify your choice by explaining the specific vulnerability of each:

- (i) A small farmer with 1 hectare of land who also does seasonal agricultural labour on others' fields.
- (ii) A contract labourer hired through an agency to work in a registered manufacturing firm, with no direct employment contract with the firm.
- (iii) A garment stitcher working from home for a trader who supplies fabric and collects finished pieces.

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### Model Answer

All three workers need protection in the unorganised sector:

**(i) Small farmer / seasonal agricultural labourer:** Small and marginal farmers face lack of credit, seeds, storage and marketing support. As a seasonal labourer, his earnings are irregular and he has no job security or benefits.

**(ii) Contract labourer in a registered firm:** Despite working in an organised firm, he has no direct employment contract, so the firm evades labour laws. He has no job security, benefits, or legal protection — a common strategy firms use to avoid protecting workers.

**(iii) Home-based garment stitcher:** She works for a trader with no formal contract, no fixed wage, and no safety or health protection. Such casual, piece-rate home workers are among the most exploited in the urban unorganised sector.

Source: *How to Protect Workers in the Unorganised Sector, Chapter 2*

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### Explanation

- The examiner expects you to **identify all three as needing protection** and give a **specific reason for each** — not a general statement.
- Key textbook points: small/marginal farmers need support for credit, seeds, storage; firms sometimes hire through agencies to **evade labour laws**; home-based workers (garment makers) are listed as urban unorganised sector workers who are exploited.
- For 3 marks, one clear justification per worker is sufficient. Avoid padding.

**Q32.** deep thorough-understanding § Division of Sectors as Organised and Unorganised

[5]

The chapter argues that protecting unorganised sector workers is necessary for BOTH economic and social development. Analyse this claim by explaining: (a) the economic reasons why these workers need support, and (b) the social dimensions that go beyond economics. Use specific groups mentioned in rural and urban unorganised sectors to support your answer.

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### Model Answer

#### (a) Economic Reasons:

Unorganised sector workers face low, irregular wages and no job security. Since the 1990s, many organised sector workers have also been pushed into unorganised jobs due to retrenchment. Rural workers like **landless agricultural labourers, small and marginal farmers, and sharecroppers** need support through timely credit, seeds, storage, and marketing facilities. Urban workers such as **casual construction workers, street vendors, and garment makers** need help with raw material supply and market access. Without such support, their low earnings limit purchasing power, slowing economic growth.

#### (b) Social Dimensions:

Workers from **scheduled castes, scheduled tribes, and backward communities** are disproportionately concentrated in the unorganised sector. Beyond economic hardship, they face **social discrimination**, making their marginalisation worse. Protecting these groups addresses inequality and exclusion, which are social issues beyond wages alone. Without tackling both dimensions, inclusive development remains incomplete.

Source: "How to Protect Workers in the Unorganised Sector?", Chapter 2 — Sectors of the Indian Economy

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### Explanation

- The examiner expects **both** parts answered with **specific examples from the text** — landless labourers, sharecroppers, artisans (rural); street vendors, construction workers, garment makers (urban).
- The key social point is **SC/ST/OBC discrimination** — don't miss this; it's the textbook's own language.
- Avoid generic answers; always link groups to their specific needs (credit, seeds, raw material, marketing).
- "Nearly 80% of rural households are small/marginal farmers" is a useful statistic to include if space allows.

**Q33.** medium thorough-understanding § How to Protect Workers in the Unorganised Sector?

[3]

Workers in the unorganised sector often belong to groups that are disadvantaged both economically and socially. Identify the specific groups most vulnerable to exploitation in this sector and analyse why their social position compounds their economic hardship.

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### Model Answer

The most vulnerable groups in the unorganised sector are:

- **Rural areas:** Landless agricultural labourers, small and marginal farmers, sharecroppers, and artisans.
- **Urban areas:** Casual construction workers, street vendors, head load workers, rag pickers, and domestic workers.
- **Social groups:** Workers from Scheduled Castes, Scheduled Tribes, and backward communities.

Their social position compounds economic hardship because, in addition to receiving irregular and low wages, they also face **social discrimination**. This double burden — economic exploitation plus social marginalisation — makes it extremely difficult for them to demand fair wages or legal protection, leaving them trapped in poverty.

Source: *How to Protect Workers in the Unorganised Sector?*, Chapter 2

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### Explanation

- The question has two parts: **identify** the groups (1 mark) and **analyse** why social position worsens economic hardship (2 marks). Spend more words on the analysis.
- Key phrase examiners look for: "social discrimination" alongside economic vulnerability — the textbook explicitly links these two.
- Listing specific groups (landless labourers, SC/ST, etc.) by name scores better than vague references to "poor workers."
- Avoid over-explaining; the answer is 3 marks, so keep it concise and pointed.

**Q34.** deep thorough-understanding § How to Protect Workers in the Unorganised Sector?

[5]

A small cotton-weaving unit in a city employs 20 workers. The owner does not register the unit with the government, pays below minimum wage, and provides no written employment contract. A government officer argues that formalising such units would hurt small businesses more than help workers. Do you agree or disagree? Justify your answer using the conditions of work in organised versus unorganised sectors.

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### Model Answer

**I disagree** with the government officer's argument.

The cotton-weaving unit described is clearly an **unorganised sector** enterprise. It is unregistered, pays below minimum wage, and provides no written employment contract — all features the textbook identifies as characteristic of unorganised sector jobs: low-paid, insecure, with no benefits like provident fund, paid leave, or gratuity.

**Conditions in the Organised Sector** (what workers are denied here):

- Regular employment with appointment letters
- Minimum wage guaranteed by law (Minimum Wages Act)
- Provident fund, gratuity, paid leave, medical benefits
- Fixed working hours; overtime pay if exceeded
- Job security; cannot be dismissed without reason

**Why formalisation helps, not hurts:**

- The textbook notes that enterprises deliberately remain unregistered to **evade taxes and avoid labour laws**, exploiting workers in the process.
- Workers in such units face **irregular earnings, exploitation, and no social security**.
- Protection of unorganised sector workers is necessary for **both economic and social development**.

Formalising this unit would ensure legal wages and basic worker rights without necessarily destroying the business — it would only stop exploitation.

*Source: Division of Sectors as Organised and Unorganised; How to Protect Workers in the Unorganised Sector — Chapter 2*

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### Explanation

- Examiners look for: clear position (agree/disagree), correct use of organised vs. unorganised sector features, and linking back to the specific case (unregistered unit, below minimum wage, no contract).
- Quote relevant Acts (Minimum Wages Act, Factories Act) to show textbook grounding.
- The key argument from the passage is that enterprises **deliberately stay unregistered to evade laws** — use this to counter the officer's claim.
- 5 marks = ~5 distinct, well-labelled points or two tight paragraphs + a bulleted contrast. Don't write an essay.

**Q35.** deep thorough-understanding § Let's Recall

[3]

A student argues: 'The classification of economic activities into primary, secondary, and tertiary sectors is completely separate from the classification into organised and unorganised sectors — knowing which sector a worker belongs to tells you nothing about whether they are in the organised or unorganised sector.' Do you agree or disagree? Justify your answer with at least two examples that show how these two classifications interact.

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### Model Answer

**Disagree.** The two classifications interact closely.

**Example 1:** A worker in the *tertiary sector* (e.g., a domestic helper) works in the *unorganised sector* — no fixed hours, no job security, no benefits. This shows tertiary ≠ organised.

**Example 2:** A government school teacher is in the *tertiary sector* AND the *organised sector* — with regular pay, job security, and registered employment.

**Example 3:** A small unregistered workshop worker belongs to the *secondary sector* but the *unorganised sector*. Thus, a worker's sector (primary/secondary/tertiary) gives no direct indication of whether they are organised or unorganised — the two classifications use different criteria (nature of activity vs. employment conditions), yet they overlap in real situations.

Source: *Sectors of the Indian Economy, Chapter 2*

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### Explanation

- The examiner wants you to take a clear stand (disagree) and back it with examples showing overlap between the two systems.
- Key point: the classifications use **different criteria** — nature of activity vs. employment conditions — so they are *not* completely separate; workers from any sector can appear in either organised or unorganised sectors.
- Two solid examples with sector labels are enough; a third strengthens the answer slightly for a 3-mark question.
- Don't just define the sectors — show the **interaction** between them.

**Q36.** medium thorough-understanding § Sectors in Terms of Ownership: Public and Private Sectors

[3]

The private sector is driven by the profit motive, yet the government still regulates or subsidises certain services rather than leaving them entirely to market pricing. Using the example of electricity supply to rural households (or any other relevant example), explain why the government sometimes steps in to bear part of the cost of a service. What could happen to consumers if the government did not intervene in such cases?

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### Model Answer

The private sector is driven by profit, so it only provides services where it can charge high prices and earn returns. Supplying electricity to rural households, for example, requires huge investment in infrastructure over vast areas, making it unprofitable for private companies.

If left to the market, electricity would be priced very high—beyond the capacity of poor rural consumers and small industries. Many small-scale industries would be forced to shut down, as their production costs would rise sharply.

Therefore, the government steps in to produce and supply electricity at affordable rates, bearing part of the cost itself. This ensures that essential services reach all sections of society, not just those who can afford high prices.

*Source: Chapter 2 – Sectors of the Indian Economy, Public and Private Sectors*

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### Explanation

The examiner expects three things in this answer:

1. **Why the private sector won't act** – profit motive means it avoids costly, low-return services.
2. **Government's role** – it bears part of the cost/subsidises to ensure affordable supply.
3. **Consequence without intervention** – high prices, shutdown of small industries, denial of services to poor.

Use the textbook's own electricity example directly—it scores better than a self-invented one. Keep the answer focused; avoid writing about GDP or unrelated sectors.

**Q37.** medium thorough-understanding § Sectors in Terms of Ownership: Public and Private Sectors

[1]

Which of the following BEST explains why the government, and not private companies, typically builds roads, bridges, and large dams?

- (A) Private companies lack the technical expertise to construct such infrastructure.
- (B) These projects require enormous investment and it is difficult to collect fees from all users, making them unprofitable for private firms.
- (C) The government legally prohibits private companies from entering the construction industry.
- (D) Private companies prefer to invest in the tertiary sector rather than infrastructure.

A Private companies lack the technical expertise to construct such infrastructure.

B These projects require enormous investment and it is difficult to collect fees from all users, making them unprofitable for private firms.

C The government legally prohibits private companies from entering the construction industry.

D Private companies prefer to invest in the tertiary sector rather than infrastructure.

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**Model Answer**

**(B)** These projects require enormous investment and it is difficult to collect fees from all users, making them unprofitable for private firms.

**Explanation**

The textbook (Chapter 2) explicitly states that construction of roads, bridges, dams, etc. needs "spending large sums of money, which is beyond the capacity of the private sector," and that "collecting money from thousands of people who use these facilities is not easy." This makes such projects unprofitable for private firms, so the government undertakes them. Options A, C, and D are not supported by the text.

**Q38.** deep thorough-understanding § Sectors in Terms of Ownership: Public and Private Sectors

[5]

The government purchases wheat and rice from farmers at a 'fair price' and sells it at a subsidised rate to consumers through fair price shops (ration shops). Analyse this arrangement: How does this single policy serve the interests of two different groups in the economy? What financial burden does the government bear, and why is it considered a responsibility of the public sector rather than the private sector?

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### Model Answer

The government buys wheat and rice from farmers at a **fair price** (above market rate) and sells it at a **subsidised rate** to consumers through ration shops (fair price shops). This single policy serves two groups simultaneously:

- **Farmers** receive a guaranteed fair price for their produce, protecting them from market fluctuations and ensuring continued production.
- **Consumers**, especially the poor, get food grains at affordable prices, ensuring food security.

The government bears the **financial cost** — the difference between the purchase price and the subsidised selling price — as a **food subsidy**.

This is a **public sector responsibility** because:

- Private sector is profit-driven and would not sell below cost.
- Such large-scale subsidised distribution requires heavy spending beyond private capacity.
- It is the government's duty to support the poorest sections and ensure basic food and nutrition for all.

Source: *Sectors of the Indian Economy, Ownership: Public and Private Sectors*

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### Explanation

Examiners look for: (1) how farmers benefit, (2) how consumers benefit, (3) the concept of food subsidy as the government's financial burden, and (4) why private sector won't do this (profit motive vs. public welfare). Keep the answer structured — two to three tight paragraphs or bullet points work well. Avoid vague lines like "it helps everyone"; be specific about the mechanism (buy high, sell low, bear the difference). The source passage explicitly states "the government has to bear some of the cost" and "the private sector will not provide at a reasonable cost" — use these ideas directly.

Q39. deep thorough-understanding § Summing Up

[3]

In India, the tertiary sector contributes the most to GVA, yet the primary sector continues to employ the largest share of workers. What does this mismatch reveal about the nature of employment in the primary sector, and why has the expected shift of workers out of agriculture not occurred on the scale seen in developed countries?

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**Model Answer**

The mismatch reveals that the primary sector, mainly agriculture, suffers from **disguised unemployment (underemployment)**. More workers are engaged in farming than actually needed, so their labour is divided and productivity per worker remains very low — they appear employed but are not fully utilised.

The expected shift has not occurred because the secondary and tertiary sectors did not generate enough jobs to absorb the surplus agricultural workforce. Although industrial output rose about nine times, industrial employment rose only about three times; similarly, service sector production rose 14 times but employment only five times. Since alternative job opportunities remained scarce, workers had no choice but to stay in agriculture.

Source: Chapter 2 — Sectors of the Indian Economy; "Where are most of the people employed?"

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**Explanation**

- **Key concept to name:** disguised unemployment / underemployment — examiners expect this term.
- **Data to use:** the textbook's own figures (9× industrial output vs 3× employment; 14× services output vs 5× employment) directly answer the "why" part — use them.
- **Don't write:** long definitions of all three sectors; keep focus on the two parts of the question — what the mismatch *reveals* and *why* the shift didn't happen.
- 3-mark questions need roughly 3 distinct points — here: (1) disguised unemployment, (2) slow job growth in secondary sector, (3) slow job growth in tertiary sector.

**Q40.** medium thorough-understanding § (whole-chapter synthesis)

[3]

India's tertiary sector contributes the most to GVA, yet the primary sector remains the largest employer. What does this contrast reveal about the nature of employment in India's primary sector?

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### Model Answer

This contrast reveals the presence of **disguised unemployment (underemployment)** in India's primary sector, mainly agriculture. More people are engaged in farming than actually needed. Even if some workers are removed, production does not fall. Workers appear employed but contribute less than their full potential — for example, five family members working on a small plot where two would suffice. This happens because not enough jobs were created in the secondary and tertiary sectors to absorb surplus agricultural labour.

Source: *Sectors of the Indian Economy, Chapter 2 — "Where are most of the people employed?"*

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### Explanation

Examiners expect three core points for 3 marks:

1. **Name the phenomenon** — disguised/hidden unemployment or underemployment.
2. **Explain it** — more workers than needed; removing some won't affect output.
3. **Give a reason or example** — insufficient job creation in secondary/tertiary sectors.

Avoid vague answers like "people are poor" — use the textbook term *disguised unemployment* and link it directly to the GVA vs. employment mismatch stated in the chapter.

**Q41.** medium thorough-understanding § (whole-chapter synthesis)

**[3]**

A garment worker sews clothes in a small unregistered workshop, while a software engineer writes code for a large IT firm. In what TWO ways do their working conditions fundamentally differ, and which sector classification — organised or unorganised — applies to each? Justify your answer.

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### Model Answer

#### Two fundamental differences:

- Job security and benefits:** The software engineer works in the **organised sector** — she enjoys fixed hours, paid leave, provident fund, and legal protections. The garment worker has no such benefits; earnings are irregular and the job is insecure.
- Registration and regulation:** The IT firm is registered with the government and follows labour laws, while the garment workshop is **unregistered** and can evade these laws, exploiting workers with very low wages.

#### Sector classification:

- Garment worker → **Unorganised sector** (small, unregistered workshop, no legal protection).
- Software engineer → **Organised sector** (large registered firm, regulated working conditions).

Source: *Sectors of the Indian Economy, Chapter 2 — How to Protect Workers in the Unorganised Sector*

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### Explanation

Examiners expect you to name **both sectors correctly** and link each person to a specific feature — registration status and job benefits/security are the two clearest contrasts the textbook draws. Avoid vague language like "good conditions vs bad conditions"; use terms like *registered, job security, provident fund, irregular earnings, unregistered*. The justification clinches the marks.

Q42. deep thorough-understanding § (whole-chapter synthesis)

[5]

The government constructs an irrigation canal in a drought-prone district. Trace how this single intervention can generate employment sequentially across all three sectors of the economy.

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### Model Answer

When the government constructs an irrigation canal, employment is generated sequentially across all three sectors:

**Primary Sector:** Farmers can now irrigate their land and grow a second crop (e.g., wheat in rabi season). This reduces underemployment — additional family members get productive work in agriculture.

**Secondary Sector:** Higher agricultural output creates demand for seeds, fertilisers, pumpsets, and processing units. Industries such as dal mills, flour mills, and food-processing units set up in semi-rural areas generate industrial employment.

**Tertiary Sector:** The increased produce must be transported, stored, and traded. This creates jobs in transport, trade, storage (e.g., cold storage), banking (agricultural credit), and communication — all service-sector activities supporting the other two sectors.

Thus, one government intervention triggers a chain of employment across primary, secondary, and tertiary sectors, reducing underemployment and boosting GDP.

Source: *How to Create More Employment?*, Chapter 2 (Sectors of the Indian Economy)

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### Explanation

- The examiner expects a **sequential, sector-wise** answer — not a general paragraph about employment.
- Use **concrete examples** from the textbook: second crop, dal mill, cold storage, transport — these earn marks.
- The key concept is **interdependence of sectors**: canal → more produce (primary) → processing (secondary) → trade/transport (tertiary).
- Mentioning **underemployment** in primary sector and its reduction shows depth.
- Keep each sector point distinct and label it clearly; this makes it easy for the examiner to award step marks.

**Q43.** deep thorough-understanding § (whole-chapter synthesis)

[1]

Assertion (A): Even though the number of people employed in India's secondary and tertiary sectors increased significantly between 1977–78 and 2017–18, the primary sector continues to absorb more than half of all workers.

Reason (R): Industrial and service sector output grew much faster than the jobs they created, so they could not absorb the surplus labour moving away from agriculture.

Choose the correct option:

- (A) Both A and R are true, and R is the correct explanation of A.
- (B) Both A and R are true, but R is not the correct explanation of A.
- (C) A is true but R is false.
- (D) A is false but R is true.

A Both A and R are true, and R is the correct explanation of A.

B Both A and R are true, but R is not the correct explanation of A.

C A is true but R is false.

D A is false but R is true.

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### Model Answer

**(A) Both A and R are true, and R is the correct explanation of A.**

The textbook states that industrial output rose 9 times but employment only 3 times, and service output rose 14 times but employment only 5 times — confirming both A and R, with R directly explaining A.

### Explanation

The passage explicitly says: "not enough jobs were created in the secondary and tertiary sectors" because output grew much faster than employment in those sectors. This is precisely what Reason R states, and it directly explains why the primary sector still employs more than half of workers (Assertion A). So R is not just true — it is the correct explanation of A, making option (A) the right choice.

Q44. deep thorough-understanding § (whole-chapter synthesis)

[3]

MGNREGA 2005 guarantees rural employment but is implemented by the government. Using the chapter's two ways of classifying sectors — by ownership and by employment conditions — identify which sector administers MGNREGA and which sector the beneficiary workers typically belong to. What does this tell us about the relationship between these two classification systems?

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### Model Answer

**By Ownership:** MGNREGA is administered by the **public sector** — it is a government-run programme funded and implemented by the state.

**By Employment Conditions:** The beneficiary workers (landless labourers, small/marginal farmers) belong to the **unorganised sector** — they have no job security, fixed wages, or legal protections.

**Relationship:** The two classification systems are **independent but complementary**. A public sector programme can directly target unorganised sector workers. This shows that government (public sector) intervention is necessary to protect and support the vulnerable unorganised workforce, as the private sector does not adequately address their needs.

Source: Chapter 2 — Sectors of the Indian Economy, "How to Protect Workers in the Unorganised Sector"

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### Explanation

Examiners expect students to correctly apply **both** classification criteria (ownership → public/private; employment conditions → organised/unorganised) and then draw a meaningful link. The key insight is that these are **two separate axes** — public vs. private does not equal organised vs. unorganised. MGNREGA is the textbook's own example of government support for unorganised workers, so naming it shows direct chapter knowledge. Avoid writing more than 3–4 sentences per point at this mark level.

Q45. medium thorough-understanding § (whole-chapter synthesis)

[3]

In what fundamental way does the motive driving production differ between the public sector and the private sector, and how does this difference explain why the government — rather than private companies — typically builds roads, dams and bridges?

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### Model Answer

**Motive difference:** The private sector is driven by the **profit motive** — it undertakes activities only if they yield financial returns. The public sector is not driven by profit; instead, its purpose is to provide services for public welfare, funded through taxes.

**Why government builds roads, dams and bridges:** These projects require huge capital investment beyond the capacity of private companies. Additionally, collecting charges from thousands of users is impractical, and if private firms did build them, they would charge very high rates unaffordable to the general public. Therefore, the government undertakes such heavy spending to ensure these facilities are available to everyone.

Source: *Sectors in Terms of Ownership: Public and Private Sectors, Chapter 2*

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### Explanation

- **Key contrast to highlight:** Profit motive (private) vs. public welfare/service motive (public) — this is the core point examiners look for.
- **Three reasons** explain government intervention: (1) large investment required, (2) difficulty collecting money from users, (3) private firms would charge unaffordably high rates. Mentioning all three secures full marks.
- Avoid vague statements like "government is better" — stick to the textbook reasoning.
- Roads, dams, and bridges are the textbook examples; use them directly.

**Q46.** deep thorough-understanding § (whole-chapter synthesis)

[3]

A landless agricultural labourer and a street-food vendor both belong to the unorganised sector, yet they belong to different sectors when classified as primary, secondary, or tertiary. What does this tell us about the relationship between the two ways of classifying workers in an economy? Why is recognising this overlap important for designing government policies?

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### Model Answer

The two classifications — primary/secondary/tertiary and organised/unorganised — are **independent** of each other and can **overlap**. A worker's sector (primary, secondary, tertiary) depends on the *nature of activity*, while organised/unorganised depends on *employment conditions*. Thus, a landless agricultural labourer (primary sector) and a street-food vendor (tertiary sector) can both be unorganised.

This overlap is important for policy-making because the government cannot focus only on one classification. Policies must address *both* what workers produce **and** their working conditions — ensuring protection, fair wages, and job security for unorganised workers across all three sectors.

*Source: Sectors of the Indian Economy, Chapter 2 — How to Protect Workers in the Unorganised Sector*

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### Explanation

- Examiners look for: (1) clear statement that the two classifications use different criteria, (2) the example correctly explained, (3) policy relevance linked to the textbook point about protecting unorganised sector workers.
- Avoid writing a vague answer — name the specific criteria (nature of activity vs. employment conditions).
- The textbook explicitly states that unorganised sector workers span rural (agricultural labourers) and urban (street vendors, construction workers) areas, making cross-sector protection essential.

Q47. deep thorough-understanding § (whole-chapter synthesis)

[5]

Developed countries saw a clear two-stage shift: first from primary to secondary, then from secondary to tertiary. Explain why India's experience has been different, and identify ONE consequence of this difference that affects workers in the primary sector.

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### Model Answer

#### India's Different Experience:

In developed countries, the shift happened in two clear stages — first, workers moved from primary to secondary (industries), then from secondary to tertiary (services). In India, however, this two-stage shift did not occur. While the tertiary sector has grown to contribute the most to GVA (about 50–60% in 2017–18), the primary sector continues to employ more than half the workforce. This happened because secondary and tertiary sectors did not generate enough jobs — industrial output grew nine times but employment only three times; service production rose 14 times but employment only five times.

The reason: industries in India adopted capital-intensive methods, so production rose without a proportional rise in jobs. Workers stuck in agriculture could not move out for lack of alternative employment.

#### One Consequence — Disguised Unemployment (Underemployment):

Since excess workers remain in agriculture with no alternative work, they are disguisedly unemployed — apparently working but contributing less than their potential. For example, if five family members work on a small two-hectare plot, moving two away would not reduce output, meaning those two were underemployed all along.

Source: *Sectors of the Indian Economy, Chapter 2 — Primary, Secondary and Tertiary Sectors in India*

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### Explanation

- The examiner wants you to explicitly contrast the developed-country pattern (primary → secondary → tertiary) with India's pattern (tertiary grew in GVA but primary still dominates employment).
- Use the textbook data points: 9× industrial output vs 3× employment; 14× service output vs 5× service employment — these show *why* the shift stalled.
- The consequence must be **disguised/hidden unemployment** (underemployment) — the textbook's own term. Back it with the Laxmi example to earn full marks.
- Don't confuse "open unemployment" with "disguised unemployment" — the question is specifically about primary sector workers.

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