

- Q.1** Economic activities, though grouped into three different categories, are highly interdependent.” Discuss.
- Q.2** Describe the essential services that are included in the service sector and may not directly help in the production of goods.
- Q.3** Highlight two three differences between intermediate goods and final goods.
- Q.4** What is GDP ? Who undertakes the task of measuring GDP in India ? How is this task done ?
What is its importance ?
- Q.5** What do final goods and services mean?
- Q.6** What are intermediate goods and services?
- Q.7** Why is the primary sector also called agriculture and related sector?
- Q.8** The secondary sector is also called industrial sector. Why?
- Q.9** How do we get total production of a sector for a particular year ?

Sol.1 Primary, secondary and tertiary sectors are interdependent as mentioned below :

1. When we produce goods by exploiting natural resources, it is an activity of the primary sector. It is primary because it forms the base for all other products that we subsequently make.
2. The secondary sector covers activities in which natural products are changed into other forms manually or by machines. For example wheat is used to manufacture bread. So there is mutual dependency between primary and secondary sectors.
3. The activities that help in the development of the primary and secondary sectors fall under the tertiary sector. These activities by themselves do not produce a good but they are an aid or a support for the production process. Transport, storage, communication and banking are some examples of tertiary activities.

Sol.2 The essential services, included in the service sector, that may not directly help in the production of goods are as mentioned below :

Teachers.

Doctors.

Persons who provide personal services such as washerman, barbers, cobblers, lawyers and people to do administrative and accounting works.

Recently certain new services based on information technology such as internet cafe, ATM booths, call centers, software companies have become important.

Sol.3

Intermediate goods	Final goods
(1) Intermediate goods are used up in producing	(1) These goods are used for final consumption.

final goods and services. The value of final goods includes the value of all the intermediate goods that are used in making the final goods. For example wheat and wheat flour used in making of biscuit in a factory are intermediate goods	For example biscuits are final goods. These are sold in the market for consumption. The value of the intermediate goods is already included in it
(2) Intermediate goods are not included in GDP to avoid the problem of double counting. For example if the value of wheat and wheat flour is counted then we would be counting the value twice or thrice	(2) The value of final goods and services are included to know the GDP of a country. A sum of production of three sectors gives the GDP

Sol.4 1. GDP – The value of final goods and services produced in each sector during a particular year provides the total production of the sector for that year. And the sum of the production in the three sectors is called the Gross Domestic Product or GDP

2. Measurement of GDP – The task of measuring GDP is undertaken by a Central Government ministry. The ministry with the help of various government departments of all the Indian states and union territories, collects the information relating to the total volume of goods and services and their prices and then estimates the GDP.

3. Importance of GDP – The GDP of a country shows the size of the economy of the country. This reflects whether the country is poor or rich and the status of employment and people.

Sol.5 Final goods and services are the output of production processes, and demand for these goods and services is directly determined by consumer need or preference. For example, biscuits, butter, etc. are final goods that reach to the consumers.

- Sol.6** Intermediate goods and services are required for production of other goods and services. For example, wheat, sugarcane, etc. are intermediate goods used up in producing final goods and services.
- Sol.7** Since most of the natural products we get are from agriculture, dairy, fishing, forestry, the primary sector is also called agriculture and related Sector.
- Sol.8** Since the secondary sector gradually became associated with the different kinds of industries that came up, it is also called industrial sector.
- Sol.9** The value of final goods and services produced in each sector during a particular year provides the total production for that year.