

# The Role of Service Sector in Indian Economy

## Long Answer Type Questions

### Sectors of The Indian Economy



*Primary Sector  
(or Agriculture and related sectors)*



*Secondary Sector (or Industrial sector)*



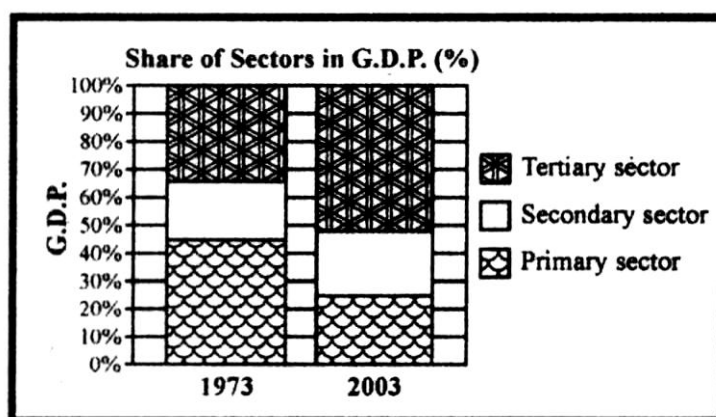
*Tertiary Sector (or Service sector)*

### **LONG ANSWER TYPE QUESTIONS (4 MARKS)**

#### ***Previous Years Questions***

1. Study the diagram given below and answer the questions that follow :

[Delhi 2008]



(a) Which was the largest producing sector in 1973 ? Give one reason.

(b) Which was the largest producing sector in 2003 ? What was its contribution to total GDP?

(c) What was the main reason for the highest increase in GDP in this sector in comparison to other sectors?

- Ans.** (a) Primary sector was the largest producing sector in 1973. It has around 45% share in GDP because majority of population was involved in agriculture due to lack of economic development.
- (b) Tertiary sector was the largest producing sector in 2003. Its contribution to GDP was around 51%.
- (c) Main reason for the highest increase in GDP in tertiary sector was that due to economic development, income of people increases. It results in more demand for services like tourism, shopping, private schools and hospitals, etc.

**2. Distinguish between primary sector and secondary sector by stating four points of distinction.**

[AI 2008]

**Ans.**

Primary Sector	Secondary Sector
(i) It includes all those economic activities which are connected with extraction and production of natural resources.	(i) It includes all activities which are concerned with the processing materials which have already been extracted at the primary stage.
(ii) These activities are not dependent on secondary sector.	(ii) These activities depend on primary sector for the supply of raw material.
(iii) This sector is also called agriculture and related sector.	(iii) This sector is also called as industrial sector.
(iv) Agriculture, fisheries, etc, are the examples of primary sector.	(iv) Manufacturing, Construction, etc, are the examples of secondary sector.

**3. Study the data given in the table and answer the questions that follow :**

**Workers in different sectors (in millions)**

Sector	organised	Unorganised	Total
Primary	2		242
Secondary	9	54	63
Tertiary	17	76	93
Total	28		

- (a) Which is the most important sector that provides most jobs to the people ?  
 (b) What is the number of persons engaged in the unorganised sector ?  
 (c) Why is this unorganised sector more important ? Give one reason.  
 (d) Which is the most important organised sector ? Give one reason.

[Foreign 2008]

**Ans.**

<b>Workers in different sectors (in millions)</b>			
<b>Sector</b>	<b>Organised</b>	<b>Unorganised</b>	<b>Total</b>
Primary	2	240	242
Secondary	9	54	63
Tertiary	17	76	93
Total	28	370	398

- (a) Primary sector and especially the unorganised sector is providing most jobs to the people.  
 (b) 370 millions.  
 (c) Employment opportunities in the organised sector have been expanding very slowly. Therefore a large number of workers are forced to enter the unorganised sector jobs, which pay a very low salary.  
 (d) Tertiary sector is the most important organised sector. Because as income levels rise, certain sections of people start demanding more services like tourism, shopping, private schools, etc. Production in tertiary sector is rising day by day.

**4. Distinguish between disguised unemployment and structural unemployment. Give two adverse effects of unemployment.**  
**[Foreign 2005]**

**Ans.** Refer to pts. 16 and 18 (Important Terms and Concepts).

Adverse effects of unemployment are:

- (i) Loss of valuable human resources Unemployment means that some able and willing persons have not been able to get work- Since labour is an important agent of production, unemployed labour means unused human resources and consequently less than full production. This means lower national income and smaller per capita income.

- (ii) Increase in poverty.

Unemployment and poverty go together when some people are unemployed and hence unable to contribute to production and income, they become dependent upon others. Sharing other people's income in low income groups pushes people below the poverty line.

**5. Explain the causes of unemployment in India and suggest measures to reduce unemployment in India.**  
**[Foreign 2005]**

**Ans. Causes of Unemployment:**

- (i) Insufficient economic development - It is true that under the planned development millions of new jobs were created but the number of job seekers was much more than those jobs. Thus many people still remained unemployed in India.  
 (ii) Defective system of education - In our educational system there is lack of training facilities, lack of vocational and professional guidance.  
 (iii) Slow growth of industrialization - Slow growth of industrialization in the country is yet another cause of unemployment in the urban areas.

**Measures to Reduce Unemployment:**

- (i) Rural Works Programme – This programme aims at construction of civil works of permanent nature in rural areas.
- (ii) Integrated Dry Land Agricultural Development - Under this scheme, permanent works like soil conservation, development of land and water harvesting are undertaken.
- (iii) National Rural Employment Programme - This programme aims at creating community assets for strengthening rural infrastructure-like drinking water wells, community irrigation wells, village tanks, rural roads and schools.
- (iv) Rural Landless Employment Guarantee Programmes aim at generating gainful employment, creating productive assets in rural areas and improving the overall quality of rural life.

**6. Explain, with examples, any four types of unemployment in India.**

**[Delhi 2004C]**

**Ans.** Refer to pts. 17, 18, 20 and 21 (Important Terms and Concepts).

### **NCERT Questions**

**7. Fill in the blanks using the correct option given in the brackets :**

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

**Ans.** (i) has not  
 (ii) agricultural  
 (iii) organised  
 (iv) large  
 (v) natural,  
 (vi) interdependent manufactured

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

**Ans.** Refer to pts. 7 and 8 (Important Terms and Concepts).

**9. Compare the employment conditions prevailing in the organised and unorganized sectors.**

**Ans. Employment conditions under :**

- (a) Organised sector
  - (i) Registered by the government.
  - (ii) Follows rules and regulations given in various laws.
  - (iii) Formal processes and procedures.
  - (iv) Security of employment to workers
  - (v) Working hours fixed, overtime for extra hours of work.

(vi) Workers get benefits like provident fund, gratuity, medical benefits, paid leave, etc.

**(b) Unorganised sector**

(i) Outside the control of the government.

(ii) Small and scattered units.

(iii) Rules and regulations are not followed.

(iv) Low-paid and irregular jobs.

(v) High degree of insecurity.

(vi) No provision for overtime, paid leave, holidays etc.

**10. The following table gives the GDP in rupees (Crore) by the three sectors :**

Year	primary	secondary	tertiary
1950	80,000	12,000	39,000
2000	3,14,000	2,80,000	5,55,000

(i) Calculate the share of the three sectors in GDP for 1950 and 2000.

(ii) Show the data as a bar diagram similar to Graph 2 in the chapter.

(iii) What conclusions can we draw from the bar graph ?

**Ans.** (i) (a)  $\frac{\text{Share of sectors in GDP for 1950}}{\text{Total GDP of three sectors}}$

= Rs. 1,38,000 crores

Share of primary sector

$$= \frac{80,000}{1,38,000} \times 100 = 57.97\%$$

Share of secondary sector

$$= \frac{19,000}{1,38,000} \times 100 = 13.76\%$$

Share of tertiary sector

$$= \frac{39,000}{1,38,000} \times 100 = 28.26\%$$

(b)  $\frac{\text{Share of sectors in GDP for 2000}}{\text{Total GDP of three sectors}}$

= Rs. 11,49,000 crores

Share of primary sector

$$= \frac{3,14,000}{11,49,000} \times 100 = 27.33\%$$

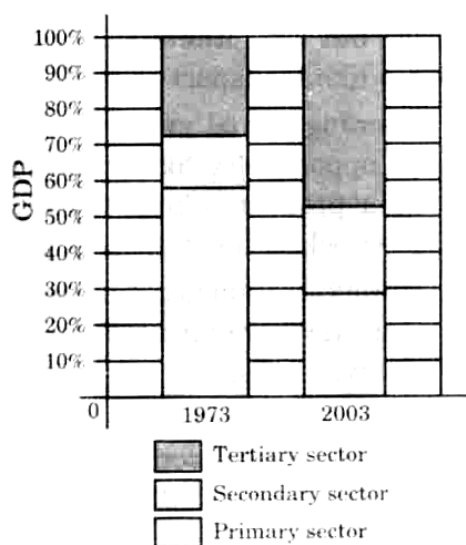
Share of secondary sector

$$= \frac{2,80,000}{11,49,000} \times 100 = 24.36\%$$

Share of tertiary sector

$$= \frac{5,55,000}{11,49,000} \times 100 = 48.30\%$$

(ii) Above data as a bar diagram :



(iii) Conclusions drawn from the bar diagram—(Comparing 1950 and 2000)

- (a) Share of primary sector in GDP has decreased
- (b) Share of secondary sector in GDP has increased.
- (c) Share of tertiary sector in GDP has increased.

This shows that the economy is moving on the path of development as share of secondary and tertiary sector in GDP has increased in 2000 as compared to 1950.

### **Additional Questions**

**11. Is it necessary to have the public sector? Substantiate your answer by examining the role of the government.**

**Ans.** Yes, it is necessary to have public sector due to its contribution to economic development of India.

#### **Role of public sector/government**

- (i) It ensures rapid economic development.
- (ii) It promotes redistribution of Income and wealth.
- (iii) It develops industries which require huge investment.
- (iv) It ensures balanced regional growth.
- (v) It prevents concentration of economic power.
- (vi) It generates resources for development.
- (vii) It promotes import substitution.
- (viii) It generates employment.
- (ix) It helps in development of small-scale industries.

Also Refer to Ans. 14 (3 Marks).

**12. Explain the reasons behind growing importance of tertiary sector in India.**

**Ans.** Reasons behind growing importance of tertiary sector in India.

- (i) Basic services like hospitals, education, post and telegraph, courts, etc. are the responsibility of the government in developing countries.
- (ii) Demand for services such as transport, trade, storage will increase with the development of primary and secondary sectors.

- (iii) With increase in income levels of the people, demand for shopping, tourism, private schools, gyms, clubs, hotels, etc. also rises.
- (iv) Services based on information and communication technology have become important over the past decade.

**13. Explain how workers in the unorganized sector can be protected ?**

**Ans.** Refer to pt. 8 (Important Terms and Concepts).

**Measures to protect them :** Farmers should be supported through adequate facility for timely delivery of agricultural inputs, seeds, credit, storage and marketing facilities. Small-scale industry should be supported for processing raw material and marketing their output which will also help the casual workers.

**14. What is the rationale behind government managing the public sector ?**

**Ans.** Refer to Ans. 11 (4 Marks).

**15. List some adverse effects of unemployment. Enumerate the causes of unemployment and suggest measures to remove unemployment.**

**Ans.** Refer to Ans. 4, 5 (4 Marks).

**16. Write a note on role of education and health in the overall development of a country. How far they have been successful ?**

**Ans.** Refer to pt. 26 (Important Terms and Concepts).

**17. There are no regulations on the employers in unorganised sector. How does this affect the farmers ? Why are they still compelled to depend on them ?**

**Ans.** Adverse employment conditions prevail as employers in unorganised sector do not follow any rules and regulations :

For working conditions under unorganised sector. Refer to Ans. 9 (4 Marks).

Farmers are still compelled to depend on them and they do not have better opportunities/alternatives.

**PROJECT/ACTIVITY WORK**

- 1.** Prepare a table showing Worker-Population Ratio in India for the year 1999-2000. Represent the following through a pie chart:
  - (a) Distribution of Employment by Gender.
  - (b) Distribution of Employment by Region.
- 2.** Prepare a report on strategies and policies for employment generation in the plans.