

# The Role of Service Sector in Indian Economy

HOTS

## Sectors of The Indian Economy



*Primary Sector  
(or Agriculture and related sectors)*



*Secondary Sector (or Industrial sector)*



*Tertiary Sector (or Service sector)*

### **HOTS QUESTIONS (HQ)**

---

1. There are many activities that are undertaken by directly using natural resources. Mention one such activity.

**Ans.** Cultivation of cotton.

2. Which sector includes production by exploiting natural resources ?

**Ans.** Primary sector.

3. These activities, by themselves, do not produce a good but they are an aid or a support for the production process. Explain through an example.

**Ans.** For example, goods that are produced in the primary or secondary sector would need to be transported by trucks or trains and then sold in the wholesale and retail shops.

**4. Imagine what would happen if farmers refuse to sell sugar cane to a particular sugar mill. The mill will have to shut down. What does this show?**

**Ans.** This is an example of the secondary or industrial sector being dependent on the primary sector.

**5. It won't make sense to add up cars and computers; nails and furniture to know the total production in each sector. What do economists suggest to overcome this problem ?**

**Ans.** Economists suggest that the values of goods and services should be used rather than adding up the actual numbers.

**6. Not every good (or service) that is produced and sold needs to be counted. Then what should be included to know total production ?**

**Ans.** Only the value of final goods and services should be included.

**7. It refers to the value of all final goods and services produced within a country during a particular year- Name it.**

**Ans.** Gross Domestic Product (GDP).

**8. Who undertakes the mammoth task of measuring GDP ?**

**Ans.** Central Government Ministry.

**9. In the initial stages of development, for most of the developed countries which sector was the most important sector of economic activity ?**

**Ans.** Primary sector.

**10. Large number of workers such as small shopkeepers, repair persons working in service sector barely manage to earn a living and yet they perform these services.**

**Ans.** Because no alternative opportunities for work are available to them.

**11. Why didn't a shift out of primary sector increase employment happen although there has been a change in the share of the three sectors in GDP ?**

**Ans.** Because not enough jobs were created in the secondary and tertiary sectors.

**12. Laxmi, a small farmer along with her five family members, works in a plot of land throughout the year. Each one is doing some work but no one is fully employed. What kind of unemployment prevails in this situation ?**

**Ans.** This is the situation of disguised unemployment as here people are apparently working but all of them made to work less than their potential.

**13. We see some people of the service sector on the street pushing a cart or selling something, where they may spend the whole day but earn very little. Why are they forced to do this work?**

**Ans.** They are doing this work because they not have better opportunities.

**14. If the government invests some money in transportation and storage of crops, or makes better rural roads, so that mini-trucks reach everywhere then how does it prove beneficial ?**

**Ans.** This can provide employment to not just farmers but also others such as those in services like transport or trade.

**15. To tackle the problem of unemployment in semi-rural areas, industries should be identified, promoted and located. Justify this viewpoint by giving three suitable examples.**

**Ans.** (i) Opening a cold storage will provide an opportunity for farmers to store their products like potatoes and sell them when the price is good.  
(ii) Honey collection centres can be started where farmers can come and sell wild honey.  
(iii) Setting up a dal mill to procure and process pulse crops and sell in the cities.

**16. All those who are able to, and are in need of, work have been guaranteed 100 days of employment in a year by the government otherwise it will give unemployment allowances to the people. Which act fulfills this ?**

**Ans.** National Rural Employment Guarantee Act, 2005 (NREGA 2005).

**17. This sector covers those enterprises or places of work where the terms of employment are regular and therefore, people have assured work. Name this sector.**

**Ans.** Organised sector.

**18. Workers in organised sector get several benefits other than salary from the employers. Mention few examples.**

**Ans.** Paid leave, payment during holidays, provident fund, gratuity, etc.

**19. In this sector employment is not secure. People can be asked to leave without any reason. Name this sector.**

**Ans.** Unorganized sector,

**20. Many organised sector enterprises are in the unorganised sector. Why do they adopt such a strategy ?**

**Ans.** They adopt such strategies to evade taxes and refuse to follow laws that protect labourers.

**21. List the workers which come under unorganised sector in the urban areas.**

**Ans.** Workers in small-scale industry, casual workers in construction, trade and transport, etc.

**22. Besides getting the irregular and low paid work, workers from SCs, STs and backward communities face one more problem. Mention it.**

**Ans.** Social discrimination.

**23. Give two examples of private sector enterprises.**

**Ans.** Tata and reliance Industries Limited.

**24. Modern-day governments spend on a whole range of activities. Why do governments spend on such activities ?**

**Ans.** Because private sector will not provide there services at a reasonable cost, some of these need spending large sums of money which is beyond the capacity of the private sector.

**25. There are a large number of activities which are the primary responsibility of the government. Give two examples.**

**Ans.** Providing health and education.