

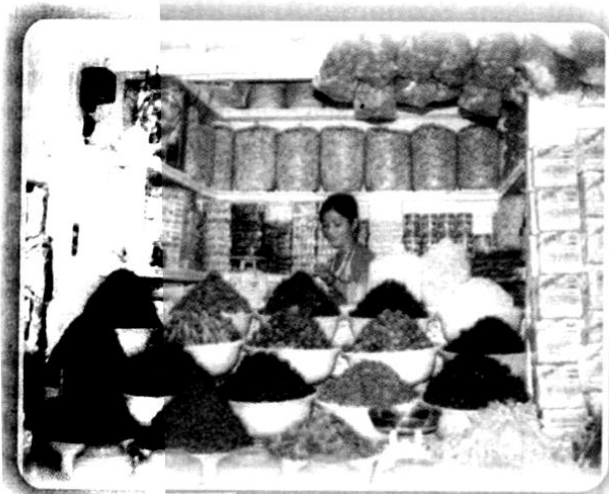
The Role of Service Sector in Indian Economy

Short 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)

SHORT ANSWER TYPE QUESTIONS (3 MARKS)

Previous Years' Questions

- 1. Differentiate between economic and non-economic activities. Give any two points.**

[Foreign 2007. AI 05C, Delhi 04]

Ans. All activities that give an income in return are called economic activities. Example-people going for work in factories, farms, banks, hospitals, schools, etc.

2. How has the rapid growth of population created unemployment problem in India ?

[Foreign 2006, Delhi 04]

Or

The problem of population growth and underemployment have a direct relationship.' Explain this statement briefly.

[Foreign 2005]

Ans. When growth of population is more in comparison to the resources of an economy then it creates unemployment.

(i) Rapid growth of population creates burden on land which results in increase in agricultural holdings and landless labourers.

(ii) Increase in population increases the burden on economic infrastructure, such as transport, communication, power, etc. which reduces the production and results in unemployment.

Or

When the work available to a worker could not utilized his labour time fully or the income received from the work is not adequate, it is known as underemployment. And this underemployment has an direct relationship with the problem of population growth. Population in India has increased at a rapid rate, but the employment opportunities have not increased to that extent due to slow pace of economic development which leads to underemployment. If rate of growth of population is controlled, then problem of underemployment can also be controlled.

3. Explain any three types of unemployment found in India.

[Delhi 2005C]

Ans. Refer to pts.16, 17 and 18 (Important Terms and Concepts).

4. What is meant by enterprise ? Classify enterprises on the basis of ownership.

[AI2005]

Ans. When a person, a group of persons, is engaged in the production or distribution of goods or services which are meant mainly for the purpose of sale, it is called on enterprise.

Enterprises can be classified into Private. sector enterprise and Public sector enterprise,

Private sector enterprises are owned and run by individuals, or a group of individuals, with the aim of making profit.

Public sector enterprises are owned and run by the government. They enable the government to have control over the economy for the benefit of the people in general.

NCERT Questions

5. Explain the difference between primary, secondary and tertiary sectors using examples.

Ans. When both the government and the individual enter into an agreement to run enterprise on partnership basis, they are referred to as joint enterprises.

6. What does the history of developed countries indicate about the shifts that have taken place between sectors ?

Ans. Refer to pts. 2, 3 and 4 (Important Terms and Concepts).

7. Why do you think NREGA, 2005 is referred to as 'Right to Work'?

Or

Explain the objective of implementing the NREGA 2005.

Ans. (i) Initially, primary sector was the main economic activity.
(ii) Due to improved methods of farming, productivity of agriculture sector increased. Therefore, more persons were taking up other activities like trading, transport, army, administration etc.
(iii) Secondary sector (or manufacturing sector) became the most important sector for production and employment, over a long period of time. This was a shift from primary to secondary sector as more and more factories were started.
(iv) In developed countries a further shift from secondary sector to tertiary sector is observed in past 100 years. Major portion of the working population is engaged in service sector.
In conclusion, in developed economies, tertiary sector has gained an important position.

8. In what ways can employment be increased in urban areas ?

Ans. NREGA, 2005 is a law which is implemented by government of India in 200 districts of India. It is referred to as 'Right to Work' because it guarantees 100 days of employment in a year by the government to all those who are able to work and in case of failure unemployment allowances will be given.

9. How would income and employment increase if farmers were provided with irrigation and marketing facilities ?

Ans. Urban unemployment is characterised by the existence of both open unemployment, which in turn is an offshoot of rural unemployment itself, and the educated unemployment. Main causes of urban unemployment are insufficient economic development, defective system of education and slow growth of industrialisation.

Remedies to urban unemployment.

- (i) Reform of the educational system to make it vocational at the school stage.
- (ii) Concrete action will have to be taken to promote decentralisation and dispersal of industrial activity.
- (iii) Promotion of small scale industries and encouragement to self-employment by banks.
- (iv) Develop techniques of production that can be taken up with low capital intensity.
- (i) Irrigation facilities can help a farmer to take a second crop, say wheat, during a rabi season which will help provide employment to more persons and lead to increase in income.
- (ii) Marketing facilities will help the farmers to get good price for their produce and also provide employment in related activities like transport and warehousing etc.

10. How would you distinguish between organised and unorganized sectors ?

Explain in your own words.

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

11. For each of the sectors that we came across in this chapter why should one focus on employment and GDP ? Could there be other issues which should be examined ? Discuss.

Or

"Tertiary sector is not playing any significant role in the development of Indian economy." Do you agree ? Give reasons in support of your answer.

Ans. (a) Comparison in terms of GDP

In 1950-51, GDP at factor cost at constant 1993-94 prices was Rs. 140466 crores and in 2003-2004 was Rs. 1424507 crores.

In 2003-04, GDP growth rate was 8.2%

In 2003-04, in Primary sector, growth rate was 8.6%

In 2003-04, in Secondary sector, growth rate was 6.7%

In 2003-04, in Tertiary sector, growth rate was 8.4%

The main driving force behind high growth rate in GDP is the extremely good performance of the tertiary sector in general and the organised service sector (Transport, Communications, Banking, Finance, etc.) in particular.

(b) Comparison in terms of Employment In 1951—percentage of working force in India engaged in primary, secondary and tertiary sector was 72.1%, 10.7% and 17.2% respectively.

In 1999-2000, percentage of working force in India engaged in primary, secondary and tertiary sector was 60.4%, 16.8% and 22.7% respectively.

On comparing we find a change in the occupational distribution in all the three sectors. People are shifting from primary sector to secondary and tertiary sectors. This is an indication of progressing on the path of development.

Yes, these could be other issues which should be examined like health, education and protection of workers in the unorganised sector, etc.

No, I do not agree with this statement. Tertiary sector is playing significant role in the development of Indian economy.

12. What do you understand by disguised unemployment? Explain with an example each from the urban and rural areas.

Ans. Disguised Unemployment :Refer to pt. 16 (Important Terms and Concepts).

(a) Disguised unemployment means that there are more people engaged in agriculture than are actually required and as such their withdrawal from land will not lower production. To remove this lot of people from agricultural sector should be shifted to work else where. Now, the incomes of people who take up other work would increase the family income without reducing the agricultural production.

(b) Disguised unemployment in urban areas implies that more people are involved in family business/shops than required.

13. Labourers are exploited in the unorganised sector. Do you agree with this view ? Give reasons in support of your answer.

Or

State measures that you feel will help to protect the labourers in the unorganised sector

Ans. Yes, I agree with this view.

Labourers in the unorganised sector include agricultural labourers, small and marginal farmers, artisans, casual workers, street vendors, head load workers, etc. They suffer problems like low wages, low social status, weak bargaining power and low duration of employment. There is no provision for overtime, paid leave, medical leave, etc.

14. Explain how public sector contributes to the economic development of a nation.

Ans. Public sector undertakes the activities which are important for the development of the public in general and also which require huge amount of money. It provides the service at a lower rate. Government invests in construction of roads, bridges, railways, generating electricity, constructing dams and thus accelerating the economic development of a nation.

15. Distinguish between open unemployment and disguised unemployment.

Ans. Refer to pts. 16 and 22 (Important Terms and Concepts).

16. The workers in the unorganised sector need protection on the following issues : wages, safety and health. Explain with examples.

Ans. Workers in the unorganised sector need protection on following issues :

- (i) **Wages** : For example, here wages are low and even not regular and there is absence of provision for overtime, paid leave, etc.
- (ii) **Safety** : For example, workers working in mines or crackers factor always face the element of risk.
- (iii) **Health** : For example, long working hours and unhygienic working environment affect the health of the workers adversely.

17. How is the tertiary sector different from other sectors ? Illustrate with a few examples.

Ans. Tertiary Sector : It is also known as services sector. It includes trade, transport, communication and other services provided to the people employed in primary and secondary sectors, These activities do not produce a good but they support the production process. These services increase their efficiency and also provide them with necessary information and knowledge. Tertiary occupations have become a synonym for developed countries. Tertiary sector is different from primary sector which includes all those economic activities which are connected with extraction and production of natural resources, e.g., agriculture, fishery, mining, etc. Tertiary sector is also different from secondary sector which includes all activities which are concerned with the processing materials which have already been extracted at the primary stage, e.g., converting sugar cane into sugar.

18. Service sector in India employs two different kinds of people. Who are these ?

Ans. Service sector employs two different kinds of people.

- (i) First category includes a limited number of services that employ highly skilled and educated workers.
- (ii) Second category includes workers engaged in services like repairpersons, transport persons, small shopkeepers, etc. These people do not have alternative opportunities for work and barely manage to earn a living.

19. A study in Ahmedabad found that out of 15,00,000 workers in the city, 11,00,000 worked in the unorganised sector. The total income of the city in this year (1997-1998) was Rs. 60,000 million. Out of this Rs. 32,000 million was generated in the organised sector. Present this data as a table. What kind of ways should be thought of for generating more employment in the city ?

Ans. Table showing study of Employment and Income in Ahmedabad

	Organised sector	Unorganized sector	Total
Workers employed	4,00,000	11,00,000	15,00,000
Income generated	32,000 million	28,000 million	60,000 million

Ways of generating more employment are :

- (i) To promote and locate industries and services in semi-rural areas where a large number of people may be employed.
- (ii) To set up industries that process vegetables and agricultural produce like potato, rice wheat, fruits, etc. which can be sold in outside market.

20. Differentiate between public sector and private sector citing examples.

Ans.

Public Sector	Private Sector
(i) These enterprise are owned by the state or central government.	(i) These enterprises are owned by private individuals.
(ii) The object is to promote public welfare.	(ii) The object is to maximise profits.
(iii) These are managed by bur equcrats, e.g., Railways, Post and Telegraph, Ships, LIC.	(iii) These are managed by professional managers, e.g., TISCO, TELCO, DCM, Reliance, Birla Textile Miils.

21. Give a few examples of public sectoractivities and explain why the governmenthas taken them up.

Ans. Examples of public sector activities are :

- (i) Construction of roads,
- (ii) railways, bridges,
- (iii) providing irrigation through dams, etc.

Reasons why government has taken up these activities are :

- (i) These activities require huge amount of money which is beyond the capacity of private sector.
- (ii) Private sector may charge high rate for their use.
- (iii) It is difficult to collect money from thousands of people who use these facilities.
- (iv) Sometimes government in order to support the private sector has to take up the activities like selling electricity at generation cost.

(v) Spending on health and education is necessary as it is the primary responsibility of the government.

22. Do you think the classification of economic activities into primary, secondary and tertiary is useful? Explain how.

Ans. Yes, classification of economic activities into primary, secondary and tertiary sector is useful as it helps in estimating the relative importance in the growth in GDP of the economy. Classifying in such a way helps in calculating how much goods and services are produced and how many people work in each sector. In India tertiary is growing at a very fast speed which implies that the country is moving towards developed country. This type of classification helps in comparing the level of growth in different countries.

Additional Questions

23. 'Workers in the unorganised sector face social discrimination'. Do you agree? Give reasons.

Ans. Yes, I agree with this statement. Because majority of workers belonging to SCs, STs and backward communities are working in the unorganised sector. These workers have to face social discrimination besides getting irregular, insecure and low paid jobs.

24. What do you mean by under employment disguised unemployment? How can it be removed.

Ans. Refer to Ans. 12 (3 Marks).

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, ruralroads 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.

25. In India, the development process has led to an increase in the share of the tertiary sector in GDP. DO you agree with this statement? Elaborate.

Ans. Yes, I agree with this statement.
Refer to Ans. 11 (3 Marks).

26. Give reasons why tertiary sector has become so important in India.

Ans. Tertiary sector has become important in India because :

- (i) Basic services like hospitals, education, post and telegraph, courts, etc. are the responsibility 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) Demand for tourism, shopping, private schools, private hospitals, etc. increases with the increase in the level of income.
- (iv) Rapid growth of services sector also benefitted from external demand such as software industry and call centre services.
- (v) Liberalisation of financial sector provided an environment for faster growth of financial services.

27. State an example each of activity primary, secondary and tertiary sectors.

Ans. Examples of activities under —

- (i) **Primary sector** : agriculture, forestry, fishing, mining and quarrying.
- (ii) **Secondary sector** : manufacturing, construction, electricity, gas and water supply.
- (iii) **Tertiary sector** : transport, communication, banking, insurance, real estate, public administration.