Chapter-5

Employment and Services

Employment is very important in service sector. By employment we mean all human resources that are engaged in such activities which increase productivity and minimum necessities like food, clothing and shelter can be made available to the general mass. The government of every country of the world tried to make work available to human resources on the basis of their capability. Those people who are capable of working but are without work with reasonable wages are known as unemployed. Those people who do not want to work according to their desire, are not unemployed. Or if the work is not available at reasonable wages for the capable people, then it is known as unemployment. During the process of planned development service sector has improved substantially, because of which, unemployment has decreased. In service sector employment is made available on the basis of physical labour, capability and ability. In India agriculture is major source of employment and along with this industry, business, health, transport etc. are other sectors which provide different types of services to the people.

Employment and Services:

"Employment and services relate to all those facts, which help in earning of money on the basis of labour and education for their livelihood. Accumulated money invested in productive sector in the form of capital, gives birth to services sector. So, employment and services are both complementary to each other. Increase in employment leads to expansion in service sector.

Sectors for Economic Development:

Increase in economic activities and expansion leads to employment and services. This is always said that service sector expands with the development of country because of economic progress. As a consequence, new opportunities for employment start increasing.

There are three sectors of Economic Development :

a. Agricultural sector

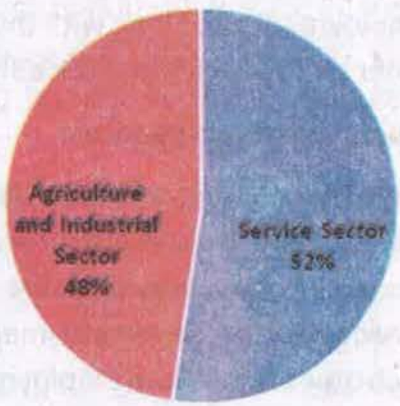
b. Industrial sector and

c. Service sector.

Sectors for Economic Development:
a. Agricultural sector
b. Industrial sector and
c. Service sector.

a. Agricultural sector :

India is primarily an agricultural country. 67% of the total population depend on agriculture. Because of excessive burden of population, agriculture employment opportunities are lagging behind. As a consequence disguised unemployment and other types of unemployment are found in agriculture. With the increase in the population the burden of coming generation increases on the same piece of land, which causes decreasing productivity per person.



b. Industrial sector :

Another sector for employment is 'industrial sector.' This sector also provides employment. Because of increase in the rate of industrial development employment increases in industrial sector.

c. Service Sector:

Because of economic liberaralisation and globalisation there is remarkable progress seen in service sector. Service sector is a more wider field in which employment is made available for the human resources on a large scale. Service sector contributes 50% of the gross domestic product at present time. According to economic survey 2006-07 and central budget 2007-08, service sector contributes 68.60%. According to 2006-07, agriculture contributes only 18.5 percent , gross domestic produces contribution of industry and service sector increases to 26.4% and 55.1% respectively.

These data exhibit the increasing development of our country.

Role of Service Sector:

In comparison to developed countries of the world, underdeveloped and developing countries are having more poor unemployed. It is always said that two-third of the world population are poor and suffering from poverty. There is overpopulation in underdeveloped and developing countries and there is scarcity of resources or production because of which they are facing unemployment problem. More employment opportunities can be made available with the growth of service sector. For the development of service sector, it requires to educate people. Efficient human capital of any country accelerates the rate of their growth of the country. Developed human capital gives birth to strong labour power which helps them in getting employment, and people start working in the interest or state giving up their inferiority complex and results in state of development.

It will not be out of context to mention that skilled human resources of India do not play as important role in the expansion of services sector in USA and Canada. In India also ,the available human resources can accelerate the rate of economic development if high level productive sectors are made working. It is also said that Indian human resources is counted among best human resources" of the world.

Bihar is the backward state of the country which has been the centre for poverty and unemployment for many years. The other states of the country like Orissa, Madhya Pradesh and Uttar Pradesh are the states where development has not been taking place at a faster pace. During the last few years economic progress is observed in Bihar. For example, expansion of roads and health services.

Flood and farming of past days gave a serious jolt to the developing activities of Bihar, despite the expansion of services like telecommunication, transportation, health, education, beauty parlour and self employment. Service sector of Bihar has experienced sufficient expansion. Role of service sector cannot be ignored at state level. Many people are influenced by the impact positively at government or non-government level both.

Division of Service Sector:

Service sector is divided into two parts: a. Government services b. Non-government services

Govt. Service Sector:
1. Military Services
2. Education Services
3. Rail Services
4. Bus Services
5. Airlines services
6. Agriculture services
7. Health services
8. Engineering services
9. Financial services
10. Banking services
11. Other Govt. services

a. Government services:

When people are paid for their work in different fields by Central or State Government it is known as government services. Some of the wider fields of government services are police services educations, health services, engineering services, financial services, and banking services etc.

b. Non-government services :

Non-Govt. Service Sector:
1. Banking services
2. Telecommunication
3. Traffic services
4. Health services
5. Self-employment services
6. Other Non-Govt. services

When the government regulated different programmes are made available to the people through non-government institutions or people get benefit through the creation of these services by themselves, then it is known as non-government services.

Some of the examples of this field are : Banking services, telecommunication services, transport services, self-employment services etc., out of these services, some services are administered at both the levels. Mainly scope of transportation services, educational services, health services, telecommunication services, banking services etc are so wide that government alone is not efficient.

Story of Gobindpur Village :

Suresh lived in Govindpur with his parents. This village of Nalanda district is in Bihar. Suresh is the eldest among his four brothers. Being an eldest son of his family, he is more responsible. Jawahar, Hira and Ashutosh are brothers of Suresh. The main source of livelihood is shopkeeping of this family. People get their essentials from the shop as it is in the village. Suresh wanted to continue his studies after passing matriculation in 2^{nd} division. Because of weak economic condition of the family his studies discontinued. He decided to continue his studies by providing tuition to the children in the town. He fulfilled his desire to study by teaching others. His hard labour helped him and he passed intermediate. To continue his studies he came to the town. He got admitted in

Gaya College, Gaya. He passed in 1st division. After graduation, he started searching for a job. Here also he got success and became an official in financial services. The economic condition of his family started improving. He encouraged his brothers to continue their studies. His brothers also worked hard and got jobs successfully - one in police services, other in administrative services, third one in engineering services got jobs successfully. Today his family is considered as highly educated. Nowadays father of Suresh is looking after his 'Telephone booth' along with his shopkeeping. Thus Suresh's family joined different services. Because of the expansion of service sector family members of Suresh got work and their economic condition improved.

Importance of Service Sector:

Service sector is very important in employment generation, services and employment are complementary to each other. These two can be seen in the form of two parts of a balance. In other words they are two sides of the same coin. Expansion of service sector help increase employment opportunities. For example, a farmer produces paddy and gets reward after working hard. When he cleans the rice and sells them in the polythene bag of 1 kg. at a reasonable price in the market, he gets employment from the beginning to the end. If the farmer wants to trade, he can trade on large scale, and provide opportunities to more and more people. If the farmer gets technical training and knowledge, then he can increase his income also. Two main facts are clear from the above examples : first, a farmer opens wider opportunities of employment, he increase productivity and improves the quality of the product through his labour and skill, which causes the expansion of service sector. Secondly, when quality of a commodity improves it can be sold at a high price. The increase in quality is known as value added.

Role of Services in Creation of Employment:

Service sector creates employment either it is government or non-government. Human wants are increasing day by day with the increase in population. Industries are expanding in the economy to fulfil these needs of the people. New factories are being established. The basic necessary infrastructure is developing with these factories. There is requirement of literate, semi-literate and illiterates for the development of infrastructure. These literates, illiterates and semi-illiterates are human capital. An effort is to be made for the development in the education sector on large scale to strengthen human capital and make it more efficient. Human force will be utilised in the industries on large scale if the level of education will be strong. As a consequence, production will increase and will be successful in satisfying more and more human wants.

Pict. 5.1 : MNREGA

Many employment generation programmes are seen at national level by Indian government, and are being implemented by state government. These are the following schemes which are seen by government in the country for employment creation. These are different schemes which are running and shown with their year of starting.

- Food for work (14th Nov. 2004)
- National Rural Employment Programme (1980)
- Rural Youth self-employment training programme (1979)
- Rural Landless Employment guarantee programme (1983)
- Integrated Rural Development Programme (20th October 1980)
- Jawahar Rojgar Yojna (1989)
- MNREGA etc.

- Efforts are made to solve the problem of unemployment through the medium of above-mentioned programmes. It is estimated by the government that above 62% of the unemployed can be provided employment through these schemes. Several efforts are also made to solve the problem of unemployment in the urban areas. With the expansion of service sector it is expected that 38% of urban unemployment can be solved. MNREGA is considered to be the major scheme in the world to make available the employment opportunities in the field of rural employment. Poor people of Bihar in rural sector are not profited much by this because of brokers. This is the reason that sincere efforts are being made for removal of the difficulties in the implementation of MNREGA and providing more strong schemes for employment creation in rural sector.

India in the form of Service provider to the world:

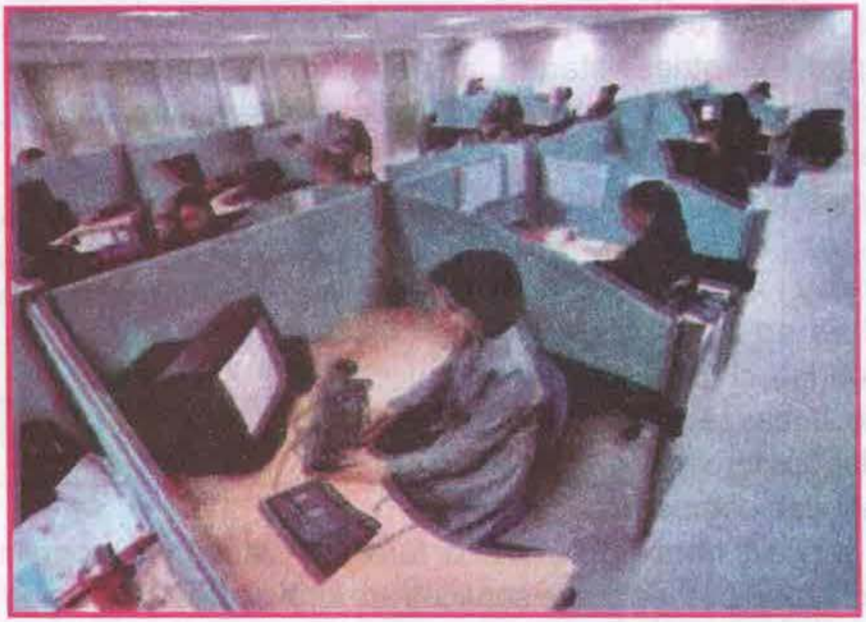
Indian labour-force has sizeable contribution in the 21st century world service sector. Earlier also Indian labour force contributed much towards the health and transport services of England. Even today contribution of Indian labour-force in science and information technology is acknowledged. Prior to this, increasing population was a cause for a country but because of contribution of skilled labour-force and enhancement of knowledge now it is considered as human capital. In the perspective of changed population related analysis in economics, it is being weighed as human capital. Today India is known as the number one country of the world in terms of the youth, because energized youths class has increased relatively in the whole population. This is helpful in accelerating the race of development.

Liberalisation resulted in increasing the pace of development in service sector, by creating more and more opportunities through which all countries are benefited. From this point of view today industrially developed countries started performing activities related with producting and services in those countries where cheap labour force is available. For example, most of the electronics goods are produced in China or Korea and Dabur Company of India is also establishing factories in its neighbouring country Nepal for its produce because of availability of cheap labour force there. When the multinational companies get their related services from any outside or foreign institution or group instead of own companies then these services are known as out-sourcing.

Outsourcing:
When the multinational companies get their related services from any outside or foreign institution or group instead of own companies, then these services are known as outsourcing.

At present age of liberalisation and globalisation, the whole world has converted into a market. Because of this not only goods of a country is available in all markets of the world but production sector of that good is separated by each other and producing institution has established where cheap labour is available. Because of this service sector has expanded in the sector where cheap labour is available and goods are available relatively at low price.

These policies have wider impact on the economy of India. In India voice based business process known As BPO or call centre is progressing at a faster rate, through which companies of developed countries like USA and European Union usually get record keeping, accounting, banking services, railway inquiry, recording of music, book transcription, medical transcription, educations and research related services from small companies or institutions of India. The system or working of call centre is shown in the picture 5.2. whereby setting at a centre production and service activities of different countries of the worked are performed.



Picture 5.2 Call Centre

It is profitable for multinational companies or government to get these services or information on the basis of comparative analysis of cost because in India cost of these services is comparatively cheaper. The main reason for this is sufficient availability of efficient labour force and low rates of wages. Cost of intelligence, efficiency, especially low wages of labour and, cost of those services which India provides to the foreign companies is comparatively low. This is the reason there are more employment opportunities in this sector. India has become a destination in the context of out-sourcing which has become the subject of discussion with respect to employment in other countries.

Infrastructure of service sector:

There is requirement of basic facilities at national as well as state level for the development of service sector. These facilities are 'backbone' of the process of development, without which development activity is not possible. All round progress of a country or a state depends basically on agriculture, industry and trade, whose development depends on infrastructure and basic facilities. Industrial production and employment increases in those countries where there are more basic facilities. Service sector expands through production and employment. Service sector is continuously expanding in developed countries like USA and Japan where there is more facilities of knowledge and research. This is the reason that technically educated people from the all countries of the world have migrated to these countries. The young persons, educated from centre or highest technical education known as IIT and highest commercial education known as IIM in India usually go to these countries for employment at highest income. In the same way because of the increase in the use of information technology related knowledge, information technology educated youth go to Bangalore for the employment.

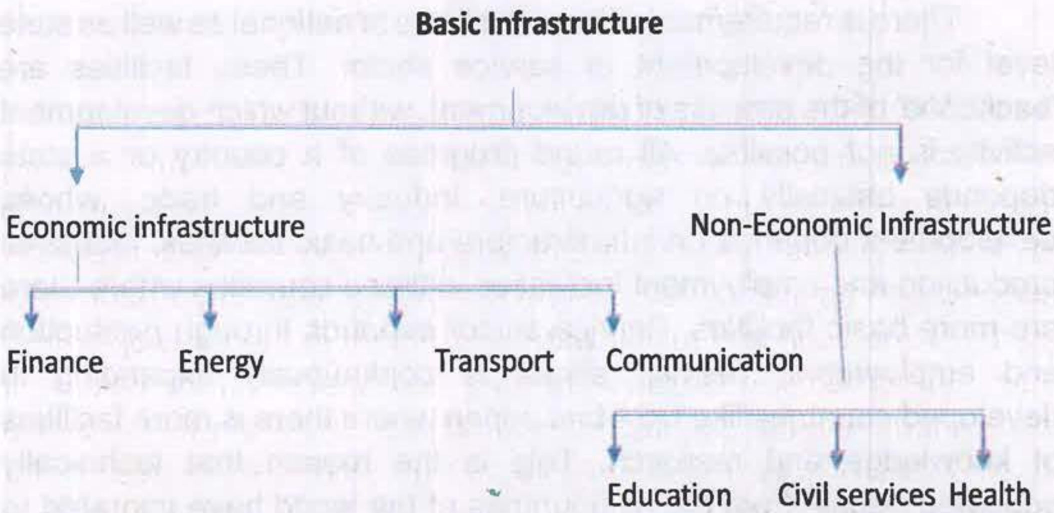
On the other hand Bihar, Orissa, Madhya Pradesh, Rajasthan etc. are most backward states of India, which are known as BIMARU. There is lack of basic facilities like electricity, irrigation, transport and communication etc. These states do not want to be known as BIMARU as it sounds negative. Planning Commission also does not recommend this word for these states. Among these states Bihar moved a step further towards economic growth, so people avoid using the word

BIMARU

BI	-	Bihar
MA	-	Madhya Pradesh
R	-	Rajasthan
U	-	Orissa

BIMARU. Thus, for any sector of economic development like agriculture industry or services basic facilities are required necessarily.

The following chart will explain these services in a better way:



Economic infrastructure directly increases production and happiness of the people. This is directly related to all the sectors of economic development. Economic infrastructure includes these—

Finance : Banking sector, Insurance sector and other government financial sector.

Energy : Coal, Electricity, Oil, Petroleum, Gas, Non-traditional sources or energy and others.

Transport : Railways, Roadways, Airways, Waterways.

Communication : Post and Telegraph, Telephone, Telecommunication, Media and Others.

Non-economic infrastructure helps in production and economic development by indirectly increasing capability of people and productivity, which are as follows:

Education: Informal Education Primary education, secondary education, higher secondary education, technical education and others.

Heath: Hospital, Primary Health Centres, Nursing home and others.

Civil Services: Civic sense, cleanliness and others.

Traditionally it is the responsibility of the government to develop basic infrastructure in India, but investment of the government was not sufficient. This is the reason that after 1991 private sectors started playing an important role during the phase of economic reforms by participating itself and jointly with government in the development of basic infrastructure. Because of joint participation in investment in basic infrastructure, condition has improved a lot. But there is lack of basic infrastructure in India inspite of high technical progress of the world. Specially, there is also developed basic infrastructure in relatively backward states from economic point of view.

Role of Education in Service Sector:

Economic development is not possible only by expanding production of goods and services. For this, human development and human capital formation is essential. Human capital is more important than physical capital. Productivity of the country can be increased by increasing efficiency through education, training, and health facilities. Income is only an alternative, or income is means to an end and end is human development. Human capital formation is directly possible with education and health. Physical capital is tangible while human capital is intangible. Economic development is only imaginary without human capital formation.

Thus, special attention should be given to the Chief components of human capital formation. Its chief components are food, clothes, housing, education and health. Human capital can be strengthened through these components. It is essential to make it strong for the development of service sector.

When human capital is forceful, its importance increases. Investment in human capital is required for the development of service sector. Actually by investing capital in education, health, working place, training, migration and information, human capital is empowered because of which economic development is possible in all sectors.

Thus human capital is the stock of efficiency, ability, education and knowledge at a particular period of time. This is the stock of all types of professional and efficient persons who are involved in productive activities.

Thus, human capital formation is the process of increasing the member of efficient and qualified experienced persons. Good human capital; for example; Scientist, Doctor, Engineer, able administrator, Social servant, Psychologist, Teacher and Academician etc. produce human capital. This means that with human resources, more human capital investment in human capital is required. Maximum economic development of a country or state requires high level investment in human capital.

We have to think seriously, emperor and make stronger human resources. If the three primary necessities - food, clothing and shelter are provided to the whole of population by working hard, half of the problem is solved. There is need to provide attention to the health of population for making them stronger. In this context, it is always said, “Healthy mind lives in Health body.” These four elements altogether affect the people, they can be enriched through the medium of education; it is an able indicator of economic development and this indicator contributes in capital formation, which will facilitate economic development whole wide.

Efficient human capital gives birth to different sectors of employment. Today India is counted among the best countries of the world in the context of Information technology. Indian engineers are intelligent and efficient, as a consequence there is more inflow of foreign capital within the country and employment opportunities are created in this sector. Bangalore, Pune, Mumbai, Hyderabad, Delhi etc. are centres of Information and Technology, where thousands of the people get employment every year.

Impact of economic slow-down on service sector:

Economic development is a continuous process of any country or a state. With the passage of time the process of development increases. Disappearance of old things from the economy is its indication. With the change in time demand of a person changes. Person falls prey to fashion. After 1991 in India after globalisation massive change was observed. Liberalisation of industrial policy increased competition among the trading countries. People easily started getting services from foreign goods. People got the opportunity for making qualitative companion of the goods on the basis of their prices.

Sectors of economic development started getting benefit from globalisation, liberalisation and privatisation. Now people got the idea to look out for jobs in other countries. Although there is one group of economic thinkers which has the view that life of the common people has become difficult due to globalisation, privatisation, and liberalisation and rich persons and countries started dominating the economy. There is a strong point in this crisis that role of trade union has become negligible in labour market because of globalisation and liberalisation, and common people remain silent spectator. The mind-set of this group of people is changing slowly and thye have started acknowledging the advantages of these policies.

Scientists of Indian origin got the opportunities to work in developed countries like USA, Switzerland, France, Russia, Japan, China etc. It was not possible increasing the number of scientists of technical sector in the developing country like India because of less availability of basic infrastructure in comparison to developed countries.

Service sector has affected by present recession. Demand of consumers has increased but producers are not getting reasonable price. Producers are getting income less than its cost price. This is the reason that technical scientists are retrenched in developed nations and exempted from employment. It affected those scientists of India also, who were working in other countries. Producers were forced to step their productions. Because of enormous loss incidents like suicide started increasing in developed nations. Many financial institutions in America stopped their services. Thus developed countries were adversely affected by present recession or slowdown.

Its impact on India was not enormous because of strong capital market existing here. Engineers are involved in outsourcing here .Even new Information technology service sector of India is very strong and engineers of India are ranked higher in the whole world. Present recession slowdown has less impact on India even though there is weak basic infrastructure. Information technology of city like Bangalore in India is counted among the premier category information technology of the world.

This recession has also less impact on Bihar, Engineers of our state employed in the recession affected nations were thrown out of employment. As a consequence there was requirement of new jobs. The case from these countries coming to our state was reduced.

Thus most parts of the world was adversely affected by the present recession. Because of being an agricultural country, there was not much negative impact of the recession in India. There is the necessity of strengthening agriculture and agro-based industries in Bihar. We have seen that India was less adversely affected by the present recession in the comparison to developed countries. It is expected that in 21st century India will be counted among the developed countries by reaching the highest level because of strong Indian capital market, high level efficiency of human labour, and major labour force.

There are many possibilities of development of service sector in India and especially in Bihar in coming years. There will be more aging persons in comparison to youth in whole of America including China and countries of Europe, where as India will be the country of youths, and outsourcing of efficient workers will take place in the whole world.

Summary

- Employment and services are complementary to each other. Provision for employment and services is possible through of economic development. There are three sectors of economic development (a) Agricultural sector (b) Industrial sector (c) Service sector
- 'Service sector' is the third sector of economic development. Service sector contributes 55.1% of the gross domestic product while agriculture and industry contribute 44.9%.

  'Service sector' developed because of the uncertainty in agriculture and industry.
- Main service sector:

  a. Government service sector
  b. Non-government service sector
- a. **Government service sector:** Police service, education, health services, engineering services, financial services, banking services, telecommunication, railways, airways, bus services, agriculture services and others.

- **(b) Non-government service sector :** Telecommunication, Banking services, transport services, health services, mall, self-employment services and others.
- **Some of the services** both in government and non-government are the services developed with the help of government and private sector. For example transport services, tele-communication services, banking services, health services etc.
- **Importance of service sector:** Employment and services are the two sides of the balance.
- **Role of services in employment section:** Service sector either government or non-government, create employment in both the situations. In government sector employment is generated through the following services food for work-2004, National Rural Employment Programme-1980, Rural landless employment guarantee programme-1983, Rural Youth self-employment training programme-1980, Integrated rural development programme-1980, Jawahar Rojgar Yojana, Self-help group, MNREGA etc.
- **India as a service provider to the world:**
- **Out-sourcing:** When multinational companies or other companies get regular services from outside or foreign services or institution or group instead of own companies is known as out-sourcing.
- Basic-information or service sector : (a) Economic (b) Non-economic
- **a. Economic :** Finance, energy, transportation and communication,
- **b. Non-Economic :** Education, Civic services and Health
- Main components of human capital: Food, clothing, housing, health and education.
- **Impact of present slowdown on service sector:** More adverse impact on developed countries, while less on India.
- Bihar state is adversely less affected in comparison to other states.

Questions

Objective questions:

I. Choose correct alternative:

1. Which is the third sector of economic development?
   a. Agriculture sector
   b. Science sector
   c. Education Sector
   d. Service sector

2. How many components of human capital are there?
   a. 6
   b. 4
   c. 4
   d. 8

3. Which of the following is not a BIMARU state?
   a. Bihar
   b. Madhya Pradesh
   c. Karnataka
   d. Orissa

4. Which of the following is a non-government service sector?
   a. Police services
   b. Finance services
   c. Mall services
   d. Railway services

5. What are the sources of energy?
   a. Coal
   b. Petroleum
   c. Electricity
   d. All of the above

Short Answer Question:

1. What is out-sourcing?
2. Write five services of Information technology.
3. What is government services?
4. What is non-government services?
5. What is basic infrastructure facilities?

6. What is the relation between 'employment' and 'service'?
7. What is the importance of economic infrastructure?
8. Explain the impact of slowdown or recession on India.
9. What is the impact of globalisation on service sector?

Long Answer Questions:

1. Write a brief note on service sector.
2. Explain with example that India is known as service provider to the world.
3. What was done in the form of government efforts in the service sector? Explain.
4. How does non-government institutions help in developing service sector? Explain with examples.
5. What was the impact of present economic slowdown or recession on service sector in India? Discuss.

Answer to objective questions :

I.	1 (d)	2 (c)	3 (c)	4 (c)	5 (d)