

# Chapter

## Public and Private Sectors

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### I. Choose the Correct Answer:

1. The public sector in India owes its origin in the ..... industrial policy resolution of the Government of India.

- a) 1957
- b) 1958
- c) 1966
- d) 1956

**Answer:**

1956

2. Mixed economy is the mixture of .....

- a) Capitalism
- b) Socialism
- c) a & b are correct
- d) A & B are incorrect

**Answer:**

c) a & b are correct

3. .... is governed by a company law and controlled by the Government as principal major share holders.

- a) Private Sector
- b) Joint Sector
- c) Public Sector.
- d) None of these

**Answer:**

b) Joint Sector

4. Public sector is on ..... motive.

- a) Profit Motive
- b) Service Motive
- c) Speculative Motive
- d) None of these

**Answer:**

b) Service Motive

### II. Fill in the Blanks

1. The ..... and ..... are allotted their respective roles in promoting the economic welfare of all sections of the community.

**Answer:**

Public sector, Private sector

2. The private sector is on ..... motive.

**Answer:**

profit

3. .... is the process of social and economic development in a society.

**Answer:**

Socio-economic development

4. The main function of the private sector is to create ..... and .....

**Answer:**

innovation, modernisation

5. The government is committed to strengthening ..... and cooperation among the citizens.

**Answer:**

Community business

III. Match the Following

1. Think Tank	a) Primary Sector
2. Agriculture	b) Gross Domestic Product
3. Industries	c) NITI Aayog
4. GDP	d) Secondary Sector

**Answer:**

1. Think Tank	c) NITI Aayog
2. Agriculture	a) Primary Sector
3. Industries	d) Secondary Sector
4. GDP	b) Gross Domestic Product

#### IV. Which is the Odd one.

1. Which one of the following is not the indicator of Socio-Economic Development.

- a) Black Money
- b) Life Expectancy
- c) Gross Domestic Product (GDP)
- d) Employment

**Answer:**

a) Black Money

## V. Which of the following is a correct answer.

1. i) The Industries which would be exclusively owned by the state are referred to as Schedule-A
  - ii) The industries in which the private sector could supplement the efforts of the state sector, with the state taking the sole responsibility for starting new units which are specific in Schedule-B.
  - iii) The remaining industries which were in the private sector are not mentioned in the Schedule.
- a) All are Correct
  - b) i and iii are correct
  - c) i and ii are correct
  - d) None of these

**Answer:**

- c) i and ii are correct

## VI. Short Answer:

1. Write a short note on public sectors?

**Answer:**

1. The sector, which is engaged in the activities of providing government goods and services to the general public is known as the Public Sector.
2. The enterprises, agencies, and bodies are fully owned, controlled, and run by the government whether it is central government, state government, or a local government.

2. What does society want?

**Answer:**

- Society wants the state to play an extensive role in developing the country.
- The economic growth may be sustained at a maximum rate if the private sector and public sector join hands.

3. Write the objectives of the Public Sector?

**Answer:**

The objectives of the Public Sector:

1. To promote rapid economic development through the creation and expansion of infrastructure
2. To generate financial resources for development
3. To promote redistribution of income and wealth
4. To create employment opportunities

4. What are the three organs of public sectors?

**Answer:**

The three organs of the public sector are

- Administration by a government Department.
- The Joint sector companies
- Public corporation

5. Name some indicators that measure socio-economic development.

**Answer:**

Socioeconomic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment.

6. Write a short note on the Private sector?

**Answer:**

The segment of a national economy that is owned, controlled, and managed by private individuals or enterprises is known as the Private sector.

7. Name any three Major Private Sector industries?

**Answer:**

- National Thermal Power Corporation (NTPC)
- Oil and Natural Gas Commission (ONGC)
- Steel Authority of India Limited (SAIL)

## **VII. Brief Answer.**

1. Explain the organs of public sector.

**Answer:**

The organs of Public sector are

Administration by a Government Department:

- It is very common in all most countries.
- Eg: Post and Telegraph, Railways.

The Joint Sector companies:

- It is governed by a company law and controlled by the Government as principal major share holders.
- Eg: Indian Synthetic Rubber Limited.

Public Corporation:

- This type of organization is the establishment of public corporation by the state of the Parliament of legislative.
- Eg: LIC, Air India.

2. Write briefly explain the history of public sector?

**Answer:**

History of Public Sector:

1. When India achieved independence in 1947, it was primarily an agricultural country with a weak industrial base. It is established for their own economic interest and rule the subcontinent with brute force.
2. The first Industrial Policy Resolution announced in 1948 laid down broad contours of the strategy of industrial development.
3. The Planning Commission was formed in March 1950 and the Industrial Act was enacted in 1951.
4. Pandit Jawaharlal Nehru believed that the establishment of basic and heavy industry was fundamental to the development and modernisation of the Indian economy.
5. His vision was carried forward by Dr. V. Krishnamurthy and the Indian statistician Mahalanobis.
6. The 1991 industrial policy allowed greater freedom to the private sector and foreign direct investment was invited from business houses outside india.
7. Thus, multinational corporations gained entry into the Indian economy.
8. Thus, we have public sector units, private sector enterprises and multinational Coexisting in Indian economy.

3. Explain any five measured indicators of socio-economic development?

**Answer:**

Gross Domestic Product:

- GDP supports in developing socio-economic development. The proportion of GDP by the industrial sector both private and public sector has been increased.
- It results in increasing government funds and increase public spending.

Life Expectancy:

- According to Health Ministry statistics, the life expectancy for male is 67. 3 year and 69. 5 for female.
  - The government many schemes to serve poor and vulnerable families.
- Literacy:
- Educational Skill plays a vital role in the socio-economic development Sarva Siksha Abhiyan is government of India's flagsup programme.

Employment:

- A growing number of people moved to urban areas in search of employment.
- It increased urban population, hence government started the 'Smart city' scheme which provides the city with many facilities.

Provision of House, Clean Drinking Water, and Sanitation:

Government sector provides housing facilities, clean drinking water facilities, and sanitary facilities under clean India Planning.

4. What are the importance of public sector?

**Answer:**

Public sector plays a major role in the development of any economy. It has following importance:

1. Public Sector and Capital Formation:

- The role of public sector in collecting, saving and investing them during the planning period has been very important.

2. Economic Development:

- Economic development mainly depends upon industrial development.
- Heavy and basic industries like Iron and steel, shipping, mining, etc. are required for supplying raw materials to small industries.

3. Balanced Regional Development:

- Public enterprises have developed the backward areas thereby bringing about a complete transformation in the socio-economic life of the people in these regions.

4. Employment generation:

- Public sector has created millions of jobs to tackle the unemployment problem in the country.
- The number of persons employed during the year 2011 was 150 lakh.

5. Export Promotion and Foreign Exchange Earnings:

- Some public enterprises have done much to promote India's export.
- The State Trading Corporation (STC). The Minerals and Metals Trading Corporation (MMTC) have done very well in export promotion.

6. Protection to Sick Industries:

- Public sector takes over the sick industries and prevent many people from getting unemployed.
- It also prevents unnecessary locking of capital, land, building, machinery, etc.

7. Import Substitution:

- Some public sector enterprises were started specifically to save foreign exchange.
- The ONGC, the Indian Oil Corporation Ltd., the Bharat Electronics Ltd., etc., have saved foreign exchange by way of import substitution.

5. Difference between the public and private sector.

**Answer:**

Public Sector	Private Sector
1. Ownership of industries is with government.	Ownership of industries is with private individuals.
2. Public revenue depends upon levy of taxes on income and commodities and services.	Issuing shares and debentures or by taking loan.
3. Public sector ensures the proper wage.	Private sector exploits the workers.
4. It does not allow to concentrate huge wealth in few hands or rich people.	It allows concentrated of huge wealth in few hands or rich people.
5. Public sector industries include Police, Army Mining, Health, Manufacturing, Electricity Banking, etc.	Private sector industries include finance, Mining, Transport, Education, etc.
6. No tax evasion.	Tax evasion is high.
7. It is service oriented.	It is purely profit-oriented.
8. Reservations are implemented. Priority is given to the socially backward people.	It does not care the socially backward class people. Reservation is not followed.

6. Write the functions of private sector?

**Answer:**

Functions of Private Sector are given below:

1. The main function of private sector is to create innovation and modernization.
2. Develop and maintain infrastructure and services.
3. Promote and expand existing businesses.
4. Promote human capital development, to help vulnerable groups.
5. Promote small, micro and medium enterprises (SMME) through supply side measures, and demand side measures and attract investment in the city.
6. The Government has fixed a specific role to the private sector in the field of industries, trade and services sector.