

# SERVICE SECTOR

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# Service Sector/Quaternary/ Tertiary Sector

- **Fisher (1935) and Colin Clark (1940)** have divided the economy into primary sector, secondary sector and tertiary sector.
- The **quaternary sector** :**knowledge base part of economy.**
- Tertiary sector is also known as Voluntary Sector
- **Service Sector is also known as Soft Sector of Economy.**
- **“Soft” part of the economy sector includes all activities which people offer their knowledge and time to improve productivity, performance, potential and sustainability are known as service sector.**

- Service sector involves of activities beginning from the production of goods and service until it reaches to the consumer. For the last 30 years there has been a substantial shift from the primary and secondary sector to the service sector. Now it has become a largest sector of the economy.

## Quaternary Sector:

- The Quaternary Sector consists of intellectual activities often associated with technological innovation. It is sometimes called the knowledge economy. It includes intellectual property right.
- **Quinary Sector :**
- Some economists further narrow the quaternary sector into the quinary sector, which includes the **highest levels of decision-making in a society or economy.**
- It includes police and fire departments, public services .

- **Voluntary Sector:**
- **The voluntary sector (According to Peter Frumkin) or civic sector is the duty of social activity undertaken by various organization. This sector is also called the third sector, community sector, and nonprofit sector**
- **Civic sector or social sector are other terms for the sector, emphasizing its relationship to society**

- The Economic Activities have been divided into three segments:
- **Primary** (direct related to nature: **Fishing, Forestry, Agriculture**)
- **Secondary** (Related to nature with **a few technology: Mining and Manufacturing**)
- **Tertiary /Service**
- (In primary and secondary sectors out put are **tangible and it is measurable**)
- The tertiary sector provides the **intangible service for the human being and make the life more comfortable and easier.**

- **The basic differences of first two sectors to tertiary sector:**
- **1. In service Sector, the out put is intangible and not have any quantitative measurement procedure**
- **2. the scope of expansion of primary and secondary sectors have limitations but the expansion scope of tertiary sectors is ever open.**

**the development and the diversities of primary and secondary sectors depends of the tertiary sector.**

- **Now the success of agricultural and industry depends research and scientific innovation of service sector.**

# Dimension of Service Sector

- **1. Transportations**
- **2. Market**
- **3. Trade**
- **4. Tourism**
- **5. Media ( audio visual, print, entertainment)**
- **6. Finance**
- **7. Insurance**
- **8. Banking**
- **9. Planning**
- **10. Education**
- **11. Information Technology**
- **12. Consultation**
- **13. Legal Services**
- **14. Health**
- **15. Hospitality (Hotel and Restaurant)**
- **16. Social Welfare**
- **17. Administration**
- **18. Information Technology**
- **19. Research and Development**
- **20. Real Estate and Housing**
- **21. Space Service**



## service sector activities can be grouped into:

- 1.Trade and tourism.
- 2.Transport, storage and communication.  
Transport includes roads and railways, airways and inland and overseas, water transport.
- 3.Financial institutions, insurance, real estate and business services.
- 4.Community, social and personal services.  
Community services include government establishment and it's departments and personal services such as health, and education, NGOs etc.

# Importance of Service Sector

- **The services sector is only the dominant sector to provide impetus to Economic Growth.**
- **Generate large scale Employment**
- **No surplus Labour**
- **Direct Foreign Investment**
- **It is the tool to achieve infrastructural facilities (eg. SEZ)**

## Gradually Increasing Importance of Service Sector:

- **First phase: Traditional civilizations**
- Workforce quotas: (Pre Industrial Society/ Agrarian Society)
- Primary sector: 64.5%
- Secondary sector: 20%
- **Tertiary sector: 15.5%**
  
- **Second phase: Transitional period**
- Workforce quotas: Industrial Society
- Primary sector: 40%
- Secondary sector: 40%
- **Tertiary sector: 20%**
  
- **Third phase: Tertiary civilization**
- Workforce quotas: Post Industrial Society
- Primary sector: 10%
- Secondary sector: 20%
- **Tertiary sector: 70%**

# Service Sector India

- **The service sector is the largest and fastest growing sector in India and it provides highest labor productivity,**
- **The growth of India's service sector has drawn global attention. Due to growth of Service sector , the economic growth has led to a shift from agriculture to the service sector.**
- **As per the UN National Accounts Statistics data, India's ranking improved from 14th position in 2006 to 7th position in 2016, among the world's 15 largest economies in terms of overall GDP. Among these top 15 economies, China (9.8 pp) recorded the highest increase in services share to Gross Value Added (GVA) during 2006-16, followed by India (7.1 pp) and Spain (7.0 pp)**
- **India remained the eighth largest exporter of commercial services in the world in 2016 (WTO, 2017) with a share of 3.4 per cent, which is double the share of India's merchandise exports in the world at 1.7 percent.**

- **As per the latest World Tourism Barometer of the United Nation's World Tourism Organization (December, 2017 edition) international tourist arrivals reached a total of 1.2 billion in 2016, 46 million more than in the previous year, though the growth rate of 3.9 per cent was lower than in 2015 (4.6 per cent).**
- **In India, the Tourism sector has been performing well with Foreign Tourist Arrivals (FTAs) growing at 9.7 per cent to 8.8 million and Foreign Exchange Earnings (FEEs) at 8.8 per cent to US\$ 22.9 billion in 2016.**

## Public and Private Sectors

- The **private sector** comprises of business which is owned, managed and controlled by **individuals**.
- **public sector** comprises of various business enterprises owned and managed by **Government**. Such organizations are either fully or partly owned by the center or state and come under the separate ministry. Some of the public sector organizations are set up by a special act of Parliament.
- Private Sector deals with profit and as well as welfare.
- Such as Private Insurance, Private Hospital
- The public sector provide services that a **non-payer cannot be excluded from (such as street lighting)**, services which benefit all of society rather than just the individual who uses the service. Such as Health Care (Corona Care ID Belegkata), Gas and Oil etc.

# Most Ever Expanding Tertiary Sector

- Travel
- Tourism
- IT (information technology)
- Real Estate
- Space Sector
- Research & Development