

# 6 Tertiary and Quaternary Activities

## Fastrack Revision

### ► Tertiary Activities

Tertiary activities are related to service sector. In this sector, skilled people are needed who provide services to people against payment of fees. For example, doctor, teacher, lawyer etc. Tertiary activities include both production and exchange.

- **Production:** Production involves the 'provision' of services that are 'consumed'. The output is directly measured in terms of wages and salaries.
- **Exchange:** Exchange involves trade, transport and communication facilities that are used to overcome distance.

### ► Characteristics of Tertiary Activities

- Tertiary activities involve the commercial output of services rather than the production of tangible goods. They are not directly involved in the processing of physical raw materials.
- The expertise provided by services (tertiary activities) relies more heavily on specialised skills, experience and knowledge of the workers rather than on the production techniques, machinery and factory processes.
- It is very difficult to measure the output of tertiary activity though they can be measured indirectly in terms of wages and salaries.

► **Types of Tertiary Activities:** It includes a number of activities, *i.e.*, trade, transport, communication and services.

► **Trade and Commerce:** The towns and cities where buying and selling of items produced elsewhere takes place are called 'Trading Centres'. Trading centres may be divided into rural and urban marketing centres.

The different marketing centres try to provide services by targeting different markets.

- **Rural Marketing Centres:** They cater to nearby settlement and are quasi-urban in nature. They serve as trading centres of the most rudimentary type. Here personal and professional services are not well-developed. These form local collecting and distributing centres. They have 'Mandis' and also retailing areas. They are not urban centres *per se* but are significant centres for making available goods and services which are most frequently demanded by rural folk.
- **Periodic Markets in Rural Areas:** They are found where there are no regular markets and local periodic markets are organised at different temporal intervals.

These may be weekly, biweekly markets from where people from the surrounding areas meet their temporarily accumulated demand. These markets are held on specified dates and move from one place to another.

► **Urban Marketing Centres:** They provide ordinary goods and services as well as many of the specialised goods and services required by people. Services of educational institutions and professionals such as teachers, lawyers, consultants, physicians, dentists and veterinary doctors are available.

► **Retail Trading:** This business activity is mainly concerned with the direct selling of goods to the consumers.

### ► Consumer Co-operatives

- They were the first of the large scale innovations in retailing.
- These are retail establishments which are organised and operated by the consumers themselves to obtain products of daily use at reasonably low prices.

► **Departmental Stores:** They delegate the responsibility and authority to departmental heads for purchasing of commodities and for overseeing the sale in different sections of the stores.

### ► Chain Stores

- They may direct goods to be manufactured as per their customised specification.
- They employ highly skilled specialists in many executive tasks.
- They have the ability to experiment in one store and apply results to many.

► **Wholesale Trade:** Wholesale trade acts as an intermediary between manufacturers or producers and retailers, facilitating the efficient movement of goods and contributing to the overall functioning of the economy.

► **Transportation:** Transport is an organised industry created to satisfy man's basic need of mobility. Our modern society requires speedy and efficient transport systems to assist in the production, distribution and consumption of goods. Transport distance can be measured as:

- **Km Distance:** It is the actual distance of route length.
- **Time Distance:** It refers to the time taken to travel on a particular route.
- **Cost Distance:** It refers to the expense of travelling on a route.

### ► Factors Affecting Transport Services

► **Demand for Transport:** Demand for transport is influenced by the size of population. The larger the population size, the greater is the demand for transport.



- ▶ **Routes:** Routes depend on location of cities, towns, villages, industrial centres and raw materials, pattern of trade between them, nature of landscape between them, type of climate and funds available for overcoming obstacles along the length of the route.
- ▶ **Communication:** It refers to the transmitting of messages, facts and ideas either by words— oral or written or through body language. It helped to make communication dependent on means of transport. The messages were carried by hand, animals, boat, road, rail and air.
- ▶ **Telecommunication:** Telecommunication refers to the transmission of information, signals, or data over a distance by using various electronic and communication technologies. It involves the exchanges of information through the use of devices, networks etc. Telecommunication encompasses a wide range of communication technologies and methods.
  - ▶ **Importance of Telecommunication**
    - **Reduced Time and Increased Speed of Communication:** Telecommunication that is linked to modern technology has revolutionised communications because of the speed with which messages are sent. The time reduced is from weeks to minutes.
    - **Made Communication Direct and Instantaneous:** It has made communication direct and instantaneous at any time and from anywhere irrespective of location.
    - **Helps to Cover Wide/Vast Audience:** Radio and television, also called as mass media, helps to relay news, pictures and telephone calls to vast audiences around the world. Newspapers are able to cover events in all corners of the world.
    - **Revolutionised the Communication System:** The use of mobile phones and internet has truly revolutionised the global communication system. Satellite communication relays information of the earth from space.
    - **Main Media:** It is a new revolutionary form of communication. It has become vital for advertising and entertainment. Its examples are radio and television, newspapers, satellite communication, internet, etc.
- ▶ **Services:** It means to provide assistance to someone. Services exist at different levels. Some services are provided to industry, some to people and some to both industry and people, e.g. the transport systems.
  - ▶ Low order services
  - ▶ High order services.
- ▶ **Reasons for Rise in Service Sector**
  - ▶ **Government's Policy of Privatisation:** Government's policy of privatisation has led to growth of this sector.
  - ▶ **More Leisure Time:** People now-a-days have more leisure time which contributes to the growth of this sector. People like to go out on tours in their leisure time. This promotes tourism.
  - ▶ **Rapid Urbanisation:** As more and more people have started living in cities, there is rising demand for various services in urban areas.
  - ▶ **Increase in Population:** With an increase in population, demand for services like hospitals, education etc. has also increased.

- ▶ **Increase in Living Standard:** The increase in living standard of people have led to increase in demand for services like tourism, sports etc.

## Knowledge BOOSTER



*Improved technology enables both customers and employees to be more effective in receiving and providing services respectively. e.g. self service technologies enable customers to serve access to their accounts, check balances, apply for a loan, transfer money among various accounts.*

- ▶ **Rising Income:** The rising income of people have led to increase in the services required by them. These services include retailing, tourism, education etc.
- ▶ **Tourism: An Important Tertiary Activity:** Tourism is travel undertaken for the purpose of recreation rather than business. It has emerged as the world's largest tertiary activity. About 40 per cent of world's total Gross Domestic Product (GDP) is generated by this sector providing over 250 million jobs worldwide.
- ▶ **Factors Affecting Tourism**
  - ▶ **Demand:** The demand for holidays has increased rapidly since the last century. Improvements in the standard of living and increased leisure time, permit many more people to go on holidays for leisure. e.g. In metropolitan cities, the salaries and standard of living of people is high, thus people go on holidays in their leisure time.
  - ▶ **Transport:** Improvement in transport facilities has helped in opening up of tourist areas. Travel is easier by car with better road systems. Air transport has boosted tourism. e.g. Air travel allows one to travel anywhere in the world in a few hours of flying time from their homes.
- ▶ **Tourist Regions:** The climate of a region attracts tourists in the world.
  - ▶ Most people from colder regions expect to have warm, sunny weather for beach holidays.
  - ▶ That is why people give importance to tourism in Southern Europe and the Mediterranean Islands that offers almost consistently higher temperatures, long hours of sunshine and low rainfall throughout the peak holiday season.
  - ▶ People taking winter holidays have specific climatic requirements, either higher temperatures than their own homelands, or snow cover suitable for skiing.
  - ▶ When people from Northern plains plan their visit in summers they prefer to go to cold regions like Shimla, Jammu and Kashmir, etc.
- ▶ **Tourist Attractions**
  - ▶ **Climate:** The climate of a region attracts tourists in the world. Most people from colder regions expect to have warm, sunny weather for beach holidays. That is why people give importance to tourism in Southern Europe and the Mediterranean Islands that offer almost consistently higher temperatures, long hours of sunshine and low rainfall throughout the peak holiday season. People taking winter holidays have specific climatic requirements, either higher temperatures than their own homelands or snow cover suitable for skiing.
  - ▶ **Landscape:** Many people like to spend their holidays in an attractive environment, which often means mountains, lakes, spectacular sea coasts and landscapes not completely altered by man.





- ▶ **History and Art:** The history and art of an area have potential attractiveness. People visit ancient or picturesque towns and archaeological sites and enjoy exploring castles, palaces and churches.
- ▶ **Culture and Economy:** These attract tourists with a penchant for experiencing ethnic and local customs. If a region provides for the needs of tourists at a cheap cost, it is likely to become very popular. Home stay has emerged as a profitable business such as heritage homes in Goa, Madikeri and Coorg in Karnataka.
- ▶ **Medical Tourism:** When medical treatment is combined with international tourism activity, it lends itself to what is commonly known as medical tourism. India has emerged as the leading country for medical tourism in the world. World class hospitals located in metropolitan cities cater to patients all over the world. Medical tourism brings abundant benefits to developing country like India. These benefits are:
  - ▶ Medical tourism creates employment opportunities in India.
  - ▶ It contributes to the GDP of the country by generating income.
  - ▶ It helps in increasing the foreign exchange reserves by increasing foreign exchange earnings.
  - ▶ It helps in developing medical infrastructure in the country.
  - ▶ It leads to innovation in healthcare services.
  - ▶ It also raises India's image as a global leader in healthcare industry. India has nearly 18 percent of global medical tourism market in the world.
- ▶ **Quaternary Activities**
  - ▶ These activities refers to activities of that segment of service sector that is knowledge oriented.
  - ▶ It has replaced as the basis for economic growth.
  - ▶ It includes people like tax consultants, software developers, statisticians etc.
- ▶ **Characteristics of Quaternary Activities:** Three characteristics of quaternary activities are:
  - ▶ **Information Oriented:** Quaternary activities involve collection, production and dissemination of information or even the production of information.
  - ▶ **Research Oriented:** Quaternary activities centre around research, development and may be seen as an advanced form of services involving specialised knowledge and technical staffs.
  - ▶ **Outsourcing:** Quaternary activities can also be outsourced. They are not tied to resources, affected by the environment or necessarily localised by market.
- ▶ **Quinary Activities:** Quinary activities include the provision of highly specialised services. The functions performed by people involved in quinary activities are:
  - ▶ Policy making and high level decision-making.
  - ▶ Creation, re-arrangement and interpretation of new and existing ideas, data interpretation and the use and evaluation of new technologies.
  - ▶ These people perform 'gold collar' professions, representing special and highly paid skills of senior business executives, government officials, research scientists, financial and legal consultants, etc.

**Business Process Outsourcing (BPO):** It is business practice in which an organisation contracts specific business processes or functions to an external service provider.

The aim of BPO is to optimise efficiency reduce costs, and focus on core competencies.

BPO can be categorised into two main types: front office and back office outsourcing.

## Knowledge BOOSTER



*BPO is a strategic business decision that allows companies to streamline their operations, improve efficiency and leverage external resources to enhance their overall performance.*

- ▶ **Outsourcing:** Outsourcing or contracting out is giving work to an outside agency to improve efficiency and to reduce costs. Business activities that are outsourced include Information Technology (IT), human resources, customer support, call centre services, etc.
- ▶ **Consequences of Outsourcing:**
  - ▶ **Creation of New Jobs:** Outsourcing has resulted in the opening up of a large number of call centres in India, China, Eastern Europe, Israel, Philippines and Costa Rica. Thus, it has created new jobs in these countries.
  - ▶ **Reduction in Migration:** Outsourcing is coming to out migrating countries where cheap and skilled workers are available with the work available through outsourcing, the migration in these countries may come down.
  - ▶ **Resistance from Youth:** Outsourcing countries are facing resistance from job seeking youths in their respective countries.
- ▶ **Knowledge Processing Outsourcing (KPO):** It involves highly skilled professionals. KPO is mainly information based knowledge outsourcing. For example, e-learning, research and development activities, business research and banking sector.
  - ▶ **Features of KPO:**
    - The KPO industry involves highly skilled workers.
    - It is information driven knowledge outsourcing.
    - KPO enables companies to create additional business opportunities.
- ▶ **Digital Divide**
  - ▶ A digital divide is an economic and social inequality according to categories of persons in a given population for their access to use of or knowledge of information and communication technologies (ICT). The divide within countries may refer to inequalities between individuals, households businesses, geographical areas, usually at different socio-economic levels or other demographic categories.
  - ▶ It varies inter-country because there are wide ranging economic, political and social differences among countries. These differences are based on the fact that how quickly countries can provide ICT access and benefit to its citizens.
  - ▶ It varies intra-country because certain areas like metropolitan centres possess better connectivity and access to the digital world versus peripheral rural areas.







## Practice Exercise



### Multiple Choice Questions

- Q 1.** Which of the following is an example of mass media?  
a. Television                      b. Newspaper  
c. Radio                              d. All of these
- Q 2.** Which of the following types of services is a lower order service?  
a. Doctors                          b. Launderers  
c. Legal services                  d. Accountants
- Q 3.** People employed in which of the following activities are known as gold collar workers?  
a. Tertiary                          b. Primary  
c. Quinary                          d. Secondary
- Q 4.** Which of the following is not an example of Knowledge Processing Outsourcing (KPO)?  
a. Business research  
b. Intellectual property research  
c. Legal profession  
d. Outsourcing
- Q 5.** Which of the following types of markets can generally be periodic markets?  
a. Urban markets                  b. Rural markets  
c. Quasi-urban markets          d. None of these
- Q 6.** Which of the following is not a quinary activity?  
a. Decision makers                b. Insurance  
c. Consultants                      d. Policy makers
- Q 7.** Which of the following will not be included under services?  
a. Financial banking                b. Insurance  
c. Cottage Industry                d. Housekeeping
- Q 8.** Which of the following is the feature of rural marketing centres?  
a. They provide very basic services  
b. Professional services are not well-developed  
c. They provide facilities for local collection  
d. All of the above
- Q 9.** Which of the following has increased the demand for tourism?  
a. Transport                        b. Standard of living  
c. Package holidays                d. All of these
- Q 10.** Which of the following is true about tertiary activities?  
1. Tertiary activities are related to service sector.  
2. Manpower is the main component of tertiary activities.  
3. Mining is a tertiary activity.  
Codes:  
a. 1 and 2                            b. 1, 2 and 3  
c. 2 and 3                            d. 1 and 3
- Q 11.** Which of the following is a tertiary activity?  
1. Teaching                        2. Legal services  
3. Publishing                       4. Transport  
Codes:  
a. 1, 2 and 3                        b. 2 and 3  
c. 1, 2 and 4                        d. All of these
- Q 12.** Which of the following factors determine the places that tourists visit?  
1. Climate                            2. Landscape  
3. History                             4. Cost  
Codes:  
a. 1, 2 and 4                        b. 1, 3 and 4  
c. 1, 2 and 3                        d. All of these
- Q 13.** In a developed economy, the majority of the workers get employment in which of the following sectors of economy? (CBSE 2022-23)  
a. Primary sector                  b. Secondary sector  
c. Tertiary sector                  d. Quaternary sector
- Q 14.** Jobs that involve high degrees and level of innovations are known as:  
a. Secondary activities          b. Quaternary activities  
c. Tertiary activities                d. Primary activities
- Q 15.** Which one of the following activities is related to quaternary sector?  
a. Manufacturing computers  
b. Paper and raw pulp production  
c. University teaching  
d. Printing books
- Q 16.** Which one out of the following statements is not true?  
a. Outsourcing reduces costs and increases efficiency.  
b. At times engineering and manufacturing jobs can also be outsourced.  
c. BPOs have better business opportunities as compared to KPOs.  
d. There may be dissatisfaction among job seekers in the countries that outsource the job.
- Q 17.** Which of the following is an example of low order service? (CBSE SQP 2023-24)  
a. Teacher                            b. Gardener  
c. Lawyer                             d. Musician
- Q 18.** Which one of the following activities is related to quaternary activities? (CBSE 2022-23)  
a. Production of Information  
b. Fishing  
c. Tourism  
d. Trading
- Q 19.** The 'gold collar' professions are:  
a. hardly paid workers          b. daily wages labourers  
c. highly paid executives        d. None of these
- Q 20.** The quaternary sector along with the ..... sector has replaced all primary and secondary employment as the basis for economic growth.  
a. Tertiary                            b. Quinary  
c. Medical                            d. All of these



Q 21. Two elements involved in tertiary activities are:

- production and exchange
- sale and purchase
- transport and communication
- All of the above

Q 22. Match the following pairs of economic activity with their corresponding sectors.

Column I	Column II
A. Tertiary Sector	1. Intellectual activities associated with technological innovation.
B. Quaternary Sector	2. Re-arrangement and interpretation of new and existing ideas.
C. Quinary Sector	3. Provisioning of services that are consumed.

Codes:

- |          |          |
|----------|----------|
| A B C    | A B C    |
| a. 1 2 3 | b. 3 1 2 |
| c. 3 2 1 | d. 2 3 1 |

Q 23. Consider the following statements and choose the correct answer with the help of given options:

**Statement I:** Manufacturing is not found in tertiary activities.

**Statement II:** Tertiary activities provide various type of services.

- Both the statements are correct, statement II does not explain statement I correctly.
- Both the statements are correct and statement II correctly explains the statement I.
- Both statements I and II are incorrect.
- Statement I is correct and statement II is incorrect.

### Assertion & Reason Type Questions

**Directions (Q.Nos. 24-25):** In the following questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- Both (A) and (R) are true and (R) is the correct explanation of (A).
- Both (A) and (R) are true, but (R) is not the correct explanation of (A).
- (A) is true, but (R) is false.
- (A) is false, but (R) is true.

Q 24. Assertion (A): Over 40% of the GDP of world is generated by tourism.

Reason (R): As a country develops, the number of people working in the primary sector declines whereas those in the tertiary sector increases.

Q 25. Assertion (A): India has emerged as the leading country in medical tourism in the world.

Reason (R): There has been a positive growth in the medical facilities in India during the past 30 years.

### Answers

- |         |         |         |         |         |
|---------|---------|---------|---------|---------|
| 1. (d)  | 2. (b)  | 3. (c)  | 4. (d)  | 5. (b)  |
| 6. (b)  | 7. (c)  | 8. (d)  | 9. (d)  | 10. (a) |
| 11. (d) | 12. (d) | 13. (c) | 14. (b) | 15. (a) |
| 16. (c) | 17. (b) | 18. (a) | 19. (c) | 20. (a) |
| 21. (c) | 22. (b) | 23. (b) | 24. (b) | 25. (b) |

### Passage Based Questions

#### Passage 1

Read the passage given below and answer the questions that follow by choosing the most appropriate option:

Trade is essentially buying and selling of items produced elsewhere. All the services in retail and wholesale trading or commerce are specifically intended for profit. The towns and cities where all these works take place are known as trading centres. Rural marketing centres cater to nearby settlements. These are quasi-urban centres. They serve as trading centres of the most rudimentary type. Here personal and professional services are not well-developed. These form local collecting and distributing centres. Most of these have mandis (wholesale markets) and also retailing areas. Periodic markets in rural areas are found where there are no regular markets and local periodic markets are organised at different temporal intervals. These may be weekly, biweekly markets from where people from the surrounding areas meet their temporally accumulated demand. These markets are held on specified dates and move from one place to another. The shopkeepers thus, remain busy on all the days while a large area is served by them. Urban marketing centres have more widely specialised urban services. They provide ordinary goods and services as well as many of the specialised goods and services required by people. Urban centres, therefore, offer manufactured goods as well as many specialised markets develop, e.g., markets for labour, housing, semi or finished products.

Q 1. Retail and wholesale trading is carried out for which of the following purpose?

- Welfare
- Distribution
- Profit
- All of these

Q 2. Which of the following are the simplest form of trading centres?

- Rural trading centres
- Periodic markets
- Urban trading centres
- Malls



Q 3. Which of the following type of markets provide specialised services?

- a. Rural marketing centres
- b. Urban marketing centres
- c. Periodic markets
- d. Consumer co-operatives

Q 4. Which marketing centres are set-up to temporally accumulated demands?

- a. Malls
- b. Chain stores
- c. Weekly markets
- d. Mandis

### Answers

1. (c) 2. (a) 3. (b) 4. (c)

### Passage 2

Read the passage given below and answer the questions that follow by choosing the most appropriate option:

Services occur at many different levels. Some are geared to industry, some to people and some to both industry and people, e.g. the transport systems. Low-order services, such as grocery shops and laundries, are more common and widespread than high order services or more specialised ones like those of accountants, consultants and physicians. Services are provided to individual consumers who can afford to pay for them. For example, the gardener, the launderers and the barber do primarily physical labour. Teacher, lawyers, physicians, musicians and others perform mental labour. Many services have now been regulated. Making and maintaining highways and bridges, maintaining fire fighting departments and supplying or supervising education and customer care are among the important services most often supervised or performed by governments or companies. State and union legislation have established corporations to supervise and control the marketing of such services as transport, telecommunication, energy and water supply. Professional services are primarily healthcare, engineering, law and management. The location of recreational and entertainment services depends on the market. Multiplexes and restaurants might find location within or near the Central Business District (CBD), whereas a golf course would choose a site where land costs are lower than in the CBD.

Q 1. Which of the following is a higher order service?

- a. Launderers
- b. Gardener
- c. Teaching
- d. Barber

Q 2. Which of these activities is supervised by the government?

- a. Fire fighting
- b. Teaching
- c. Engineering
- d. Restaurants

Q 3. Which of the following services are located nearby the Central Business District?

- a. Farm Houses
- b. Multiplexes
- c. Golf course
- d. All of these

Q 4. Which of the following service requires mental labour?

- a. Lawyers
- b. Teachers
- c. Physicians
- d. All of these

### Answers

1. (c) 2. (a) 3. (b) 4. (d)

### Passage 3

Read the passage given below and answer the questions that follow:

Outsourcing or contracting out is giving work to an outside agency to improve efficiency and to reduce costs. When outsourcing involves transferring work to overseas locations, it is described by the term off-shoring, although both off-shoring and outsourcing are used together. Business activities that are outsourced include Information Technology (IT), human resources, customer support and call centre services and at times also manufacturing and engineering. Data processing is an IT related service easily be carried out in Asian, East European and African countries. In these countries, IT skilled staff with good English language skills are available at lower wages than those in the developed countries. Thus, a company in Hyderabad or Manila does work on a project based on GIS techniques for a country like USA or Japan. Overhead costs are also much lower making it profitable to get job-work carried out overseas, whether it is in India, China or even a less populous country like Botswana in Africa. Outsourcing has resulted in the opening up of a large number of call centres in India, China, Eastern Europe, Israel, Philippines and Costa Rica. It has created new jobs in these countries. Outsourcing is coming to those countries where cheap and skilled workers are available. These are also out migrating countries. With the work available through outsourcing, the migration in these countries may come down.

Q 1. Which is the advantage of outsourcing?

Ans. The low operating cost is the advantage of outsourcing.

Q 2. Which activity is usually outsourced?

Ans. Customer support is usually outsourced.





**Q 3. Why are most of the services outsourced to Asian countries?**

**Ans.** Asian countries have made significant investments in their technological infrastructure, including high-speed internet connectivity and advanced communication systems. This infrastructure supports efficient remote collaboration and enables smooth outsourcing operations.

#### Passage 4

Read the passage given below and answer the questions that follow:

Communication services involve the transmission of words and messages, facts and ideas. The invention of writing preserved messages and helped to make communication dependent on means of transport. These were actually carried by hand, animals, boat, road are also referred to as lines of communication. Where the transport network is efficient, communications are easily disseminated. Certain developments, such as mobile telephony and satellites, have made communications independent of transport. All forms are not fully disassociated because of the cheapness of the older systems. Thus, very large volumes of mail continue to be handled by post offices all over the world. The use of telecommunications is linked to the development of modern technology. It has revolutionised communications because of the speed with which messages are sent. The time reduced is from weeks to minutes. Besides, the recent advancements like mobile telephony have made communications direct and instantaneous at any time and from anywhere. The telegraph, morse code and telex have almost become things of the past. Radio and television also help to relay news, pictures and telephone calls to vast audiences around the world and hence they are termed as mass media. They are vital for advertising and entertainment. Newspapers are able to cover events in all corners of the world. Satellite communication relays information of the earth and from space. The internet has truly revolutionised the global communication system.

**Q 1. Development of which technology has made communications independent of transport?**

**Ans.** Internet and mobile phone.

**Q 2. Which is a form of mass communication?**

**Ans.** Radio, television and Internet are the forms of mass communication.

**Q 3. Which is a global channel of communication?**

**Ans.** The internet has truly revolutionised the global communication system.



#### Very Short Answer Type Questions

**Q 1. How does transport and communication play an important role in the development of industries?**

**Ans.** Speedy and efficient transport facilitates to carry raw materials to the factory and to move finished goods to the market which is essential for the development of industries. Communication is also an important need for industries for the exchange and management of information.

**Q 2. State any two features of KPO Industry.**

(CBSE 2020, 15)

**Ans.** The two features of KPO Industry are:

- (i) The KPO Industry involves highly skilled workers.
- (ii) KPO is information driven, knowledge outsourcing,
- (iii) KPO enables companies to create additional business opportunities.

**Q 3. How has India emerged as a leading country in medical tourism?**

(CBSE 2017)

**Ans.** India has emerged as a leading country in medical tourism as:

- (i) World class medical facilities are available in hospitals of metropolitan cities.
- (ii) Providing variety of medical treatments at lower cost.

**Q 4. Give any two examples of quaternary activities.**

**Ans.** The two examples of quaternary activities are:

- (i) Collection of information.
- (ii) Production of information.

**Q 5. Write any two quinary activities.**

**Ans.** The two quinary activities are:

- (i) Interpretation of new and existing ideas.
- (ii) The use and evaluation of new technologies.

**Q 6. Evaluate the importance of 'quaternary activities'.**

(CBSE 2018)

**Ans.** The quaternary activities has replaced most of the primary and secondary activities as the basis of economic growth. Over half of the workers in the developed economies are in the knowledge sector.

**Q 7. What is meant by tourism?**

(CBSE 2017)

OR

**Define the term 'tourism'.**

**Ans.** Tourism is travel undertaken for the purpose of recreation rather than business. It has emerged as the world's largest tertiary activity.

**Q 8. What is wholesale trading service?**

**Ans.** Wholesale trade acts as an intermediary between manufacturers or producers and retailers, facilitating the efficient movement of goods and contributing to the overall functioning of the economy.



**Q 9. Give the meaning of 'retail trading' services.**

**Ans.** Retail trading services are component of domestic trade and the concluding phase of the circulation of personal consumption, in which goods and services are sold in exchange for the monetary income of the population. Retailers are business firms engaged in offering goods and services directly to consumers.

**Q 10. Define the term 'tertiary activities'.**

OR (CBSE SQP 2022 Term-2)

**Define tertiary activities.**

**Ans.** Tertiary activities are related to service sector. In this sector, skilled people are needed who provide services to people against payment of fees. For example, doctor, teacher, lawyer, etc.

**Q 11. Name two tourist regions of the world.**

**Ans.** The warmer places around the Mediterranean Coast and the West Coast of India are some of the popular tourist destinations of the world.

**Q 12. Give any two examples of tertiary activities.**

**Ans.** The two examples of tertiary activities are:

- (i) Trade and Commerce.
- (ii) Communication Services.



### Short Answer Type Questions ↘

**Q 1. How do quaternary services differ from tertiary services? Give three reasons why the service sector in developing and developed countries is growing faster than the manufacturing sector.**

(CBSE SQP 2022 Term-2)

**Ans.** Quaternary services and tertiary services both belong to the service sector, but they differ in terms of the nature of the activities.

The key differences between quaternary services and tertiary services are:

S.No.	Basis of Difference	Quaternary Services	Tertiary Services
(i)	Knowledge-intensive nature	These services are highly knowledge intensive and often involve specialised expertise, research and development.	These services encompass a broader range of services that cater to the needs of individuals and businesses, including transportation, hospitality etc.
(ii)	Economic value	These services typically generate higher economic value.	These services while essential for meeting day-to-day needs, generally have lower economic value.

The reasons why the service sector is growing faster than the manufacturing sector in both developing and developed countries are:

- (i) **Technological Advancement:** The service sector has benefited from technological advancements by enabling the development of new services and increasing efficiency in service delivery.
- (ii) **Shift towards Knowledge-based Economies:** The service sector, particularly the quaternary services, aligns well with the demands of a knowledge-based economy, leading to its faster growth.
- (iii) **Changing Consumer Preferences:** As societies develop and incomes rise, consumer preferences tend to shift towards services such as healthcare, education, entertainment and information technology.

**Q 2. Explain any three characteristics of periodical markets of rural areas in the world.**

**Ans.** Three characteristics of periodical markets of rural areas in the world are:

- (i) **Organised at Different Temporal Intervals:** Periodic markets in rural areas are found where there are no regular markets. Periodic markets in rural areas are organised at different temporal intervals i.e., weekly, biweekly, etc. from where people from the surrounding areas meet their temporarily accumulated demand.
- (ii) **Mobility**
  - (a) These markets move from one place to another.
  - (b) The shopkeepers thus remains busy on all days while a large area is served by them.
- (iii) **Held on Specified Dates:** These markets are held on specified dates.

**Q 3. Describe the different types of retail stores.**

**Ans.** The different types of retail stores are:

- (i) **Consumer Cooperatives**  
They were the first of the large scale innovations in retailing. These are retail establishments which are organised and operated by the consumers themselves to obtain products of daily use at reasonably low prices.
- (ii) **Departmental Stores:** They delegate the responsibility and authority to departmental heads for purchasing of commodities and for overseeing the sale in different sections of the stores.
- (iii) **Chain Stores**  
They may direct goods to be manufactured as per their customised specification and employ highly skilled specialists in many executive tasks. They have the ability to experiment in one store and apply results to many.



Q 4. "Quaternary activities centre around research and development." Examine the statement.

(CBSE SQP 2023-24)

Ans. The statement that quaternary activities centre around research and development is generally accurate. Quaternary activities centre around research and development. It is an advanced form of services. It involves specialised knowledge and technical skill. Research and development (R & D) are key components of quaternary activities. In the quaternary sector, research is conducted to explore new scientific concepts, theories and principles. This can involve conducting experiments analysing data and developing models or theories.

Q 5. Discuss tourism as an important tertiary activity.

Ans. Tourism is travel undertaken for purposes of recreation rather than business. It has become the world's single largest tertiary activity in total registered jobs (250 million) and total revenue (40% of the total GDP). It generates employment to people who provide services like accommodation, meals, transport, entertainment and special shops serving the tourists. It fosters the growth of infrastructure industries, retail trading and craft industries (souvenirs).

Q 6. Give the reasons for the rise in service sector.

Ans. The reasons for rise in service sector are:

- (i) **Government's Policy of Privatisation:** Government's policy of privatisation has led to growth of this sector.
- (ii) **More Leisure Time:** People now-a-days have more leisure time which contributes to the growth of this sector. People like to go out on tours in their leisure time. This promotes tourism.
- (iii) **Rapid Urbanisation:** As more and more people have started living in cities, there is rising demand for various services in urban areas.
- (iv) **Increase in Population:** With an increase in population, demand for services like hospitals, education, etc. has also increased.
- (v) **Increase in Living Standard:** The increase in living standard of people have led to increase in demand for services like tourism, sports etc.
- (vi) **Improvements in Technology:** Improved technology enables both customers and employees to be more effective in receiving and providing services respectively. e.g. self-service technologies enable customers to serve access to their accounts, check balances, apply for a loan, transfer of money among various accounts.
- (vii) **Rising Income:** The rising income of people have led to increase in the services required by them. These services include retailing, tourism, education etc.

Q 7. What are quaternary activities? Explain any three characteristics of quaternary activities.

Ans. Quaternary activities refer to activities of that segment of service sector that is knowledge-oriented. It has replaced most of the primary and secondary employment as the basis for economic growth. It includes people like tax consultants, software developers, statisticians etc.

Three characteristics of quaternary activities are:

- (i) **Information Oriented:** Quaternary activities involve collection, production and dissemination of information or even the production of information.
- (ii) **Research Oriented:** Quaternary activities centre around research, development and may be seen as an advanced form of services involving specialised knowledge and technical skills.
- (iii) **Outsourcing:** Quaternary activities can also be outsourced. They are not tied to resources, affected by the environment, or necessarily localised by market.

Q 8. Define the term 'outsourcing'. What are the consequences of outsourcing?

Ans. Outsourcing: Outsourcing or contracting out is giving work to an outside agency to improve efficiency and to reduce costs. Business activities that are outsourced include Information Technology (IT), human resources, customer support, call centre services etc.

Consequences of Outsourcing are:

- (i) **Creation of New Jobs:** Outsourcing has resulted in the opening up of a large number of call centres in India, China, Eastern Europe, Israel, Philippines and Costa Rica. Thus, it has created new jobs in these countries.
- (ii) **Reduction in Migration:** Outsourcing is coming to out migrating countries where cheap and skilled workers are available with the work available through outsourcing, the migration in these countries may come down.
- (iii) **Resistance from Youth:** Outsourcing countries are facing resistance from job seeking youths in their respective countries.

Q 9. What kind of functions are performed by people involved in quinary activities?

Ans. Quinary activities include the provision of highly specialised services. The functions performed by people involved in quinary activities are:

- (i) Policy making and high level decision-making.
- (ii) Creation, re-arrangement and interpretation of new and existing ideas, data interpretation and the use and evaluation of new technologies.
- (iii) These people perform 'gold collar' professions, representing special and highly paid skills of senior business executives, government officials, research scientists, financial and legal consultants etc.



Q 10. What is medical tourism? Explain the scope of medical services for overseas patients in India.

OR (CBSE 2015)

Highlight the importance of medical tourism in India.

**Ans. Medical Tourism:** When medical treatment is combined with international tourism activity. It lends itself to what is commonly known as medical tourism.

India has emerged as the leading country for medical tourism in the world. World class hospitals located in metropolitan cities cater to patients all over the world. Medical tourism brings abundant benefits to developing country like India. These benefits are:

- (i) Medical tourism creates employment opportunities in India.
- (ii) It contributes to the GDP of the country by generating income.
- (iii) It helps in increasing the foreign exchange reserves by increasing foreign exchange earnings.
- (iv) It helps in developing medical infrastructure in the country.
- (v) It leads to innovation in healthcare services.
- (vi) It also raises India's image as a global leader in healthcare industry.

India has nearly 18 percent of global medical tourism market in the world.

Q 11. "Outsourcing has resulted in opening up a large number of job opportunities in several countries." Analyse the statement with three suitable examples.

**Ans.** Outsourcing has resulted in the opening up of a large number of call centres in India, China, Eastern Europe, Israel, Philippines and Costa Rica. It has created new jobs in these countries.

It is coming to those countries where cheap and skilled workers are available. These are also out-migrating countries. But, with the work available in the form of outsourcing, the migration from these countries has come down.

This can be explained through the following three examples:

- (i) Knowledge Process Outsourcing (KPO) that includes research and development, e-learning, business research, etc. have enabled companies to create additional business opportunities, that require highly skilled workers that are available in the developing countries at lower wages.
- (ii) Skilled IT staff is available in developing countries which has good communication skills and are available at lower wages as compared to developed countries. Thus, it leads to opening up of job opportunities in these countries.
- (iii) Data processing is an IT related service easily carried out in Asian, East European and African countries. Thus, it leads to opening up of job opportunities in these countries.

Q 12. Define the term 'tourism'. Explain any four factors which attract tourists in the world. (CBSE 2019)

**Ans.** Tourism is travel undertaken for purposes of recreation rather than business. It has become the world's single largest tertiary activity in total registered jobs and total revenue.

Four factors which attract tourists in the world are:

(i) **Climate**

(a) The climate of a region attracts tourists in the world.

(b) Most people from colder regions expect to have warm, sunny weather for beach holidays.

That is why people give importance to tourism in Southern Europe and the Mediterranean Islands that offer almost consistently higher temperatures, long hours of sunshine and low rainfall throughout the peak holiday season.

(c) People taking winter holidays have specific climatic requirements, either higher temperatures than their own homelands, or snow cover suitable for skiing.

(ii) **Landscape:** Many people like to spend their holidays in an attractive environment, which often means mountains, lakes, spectacular sea coasts and landscapes not completely altered by man.

(iii) **History and Art:** The history and art of an area have potential attractiveness. People visit ancient or picturesque towns and archaeological sites and enjoy exploring castles, palaces and churches.

(iv) **Culture and Economy**

(a) These attract tourists with a penchant for experiencing ethnic and local customs.

(b) If a region provides for the needs of tourists at a cheap cost, it is likely to become very popular.

(c) Home stay has emerged as a profitable business such as heritage homes in Goa, Madikeri and Coorg in Karnataka.

Q 13. What are services? Describe various types of services.

**Ans.** Services means to provide assistance to someone. Services are provided to individual customers who can pay for them. Services are of both physical and mental nature. It includes gardeners, barbers, teachers, lawyers, musicians etc.

Types of services include:

(i) **Government Aided Services:** Government provides various services such as making and maintaining highways and bridges, maintaining fire fighting departments, supplying and supervising health, education etc.





(ii) **Infrastructural Development Services:** These type of services include transport, telecommunication, energy and water supply. Various corporations have been established by governments to control and supervise these services.

(iii) **Professional Services:** These services include healthcare, engineering, law and management. These services are provided by both public and private companies.

(iv) **Personal and Domestic Services:** Personal services are provided by domestic workers. The services help in making the lives of people easier. These services include gardeners, cooks, housekeepers etc.

(v) **Services Based on Market:** These services include recreational and entertainment services. Their location depends upon the market. It includes restaurants, multiplexes etc.

**Q 14. "The modern economic development in the world is mainly the result of development of quaternary service." Explain with suitable examples.**

**Ans. Quaternary Sector:** The service sector that is knowledge oriented is covered under the quaternary sector.

It is involved in research development and consists of specialised skills and technical knowledge which provides a strong base to modern economic development in the world. The modern economic development in the world is mainly the result of developed of quaternary service as:

(i) Over 50 percent of all the workers are involved in the quaternary sector in the developed economies. They contribute the highest in development of these economies.

(ii) The quaternary and the tertiary sector together have now replaced the primary and secondary sectors as the base of economic growth in many countries.

(iii) There has been very high growth in demand and consumption of information and knowledge based quaternary services. These include managers, consultants, software developers, etc.

(iv) The quaternary services are not bound with any type of resources that are affected by the environment or the market. Hence, these grow at a faster rate than the other sectors.

(v) These services can be outsourced. This has resulted in its rapid growth beyond the national boundaries to international regions. It has made their operations profitable and it has resulted in the quaternary sector contributing to the economic development of the modern economies.

**Q 15. Explain any three characteristics of tertiary activities.**

**Ans.** The characteristics of tertiary activities are:

(i) Tertiary activities involve the commercial output of services rather than the production of tangible goods. They are not directly involved in the processing of physical raw materials.

(ii) The expertise provided by services (tertiary activities) relies more heavily on specialised skills, experience and knowledge of the workers rather than on the production techniques, machinery and factory processes.

(iii) It is very difficult to measure the output of tertiary activity though they can be measured indirectly in terms of wages and salaries.

**Q 16. Explain retail trading services.**

**Ans.** Retail trading services refer to the activities involved in the buying and selling of goods or products to end consumers. Retailers are the final link in the supply chain that connects manufacturers or wholesalers with individual customers.

The main key aspects of retail trading services are:

(i) **Product Selection and Assortment:** Retailers offer a wide range of products to cater to the diverse needs and preferences of consumers. They curate and manage a selection of goods from various manufacturers and suppliers.

(ii) **Customer Interaction and Sales:** Retail trading services involve direct interaction with customers. Retailers employ sales personnel who assist customers, answer their queries, provide product information, and guide them in making purchasing decisions.

(iii) **Customer Service and After Sales Support:** Retail trading services involve providing customer service and after sale support. This includes addressing customer concerns, handling returns and exchanges, and offering assistance with product warranties or repairs.



### Long Answer Type Questions

**Q 1. Explain in detail significance of transport and communication services.**

**Ans. Significance of Transport Services:** The significance of transport services is described as under:

(i) **Helps in Transfer of Goods from one Location to Another:** Transport is a service or facility by which people, materials and manufactured goods are physically carried from one location to another.

(ii) **Satisfies Need of Mobility:** Transport is an organised industry created to satisfy man's basic need of mobility.

(iii) **Enhances the Value of Material:** Modern society requires speedy and efficient transport systems to assist in production, distribution and





consumption of goods. At every stage in this complex system, the value of the material is significantly enhanced by transportation.

**(iv) Enlarges the Service Area of Markets:**

Transport enlarges the service area of markets. It connects local markets to regional markets, regional markets to national markets and national markets to International markets.

**(v) Facilitates Overall Development of a Nation:**

Transportation facilitates movement of building and construction material to remote areas which is essential to develop infrastructures such as roads, highways, buildings, schools, colleges etc.

**Significance of Communication Services**

The significance of communication services is described as under:

**(i) Economical:** Communication services help to obtain information from all markets so the producer can decide on what and how much to produce and where to sell. The same is applicable to buyers and also boosts international trade.

**(ii) Social:** It has brought people from various parts of the world closer to each other. Exchange of values and ideas has taken the world to the next stage of human development.

**(iii) Strategic:** Communication services play an essential role in the defence of the country in emergencies like war.

**(iv) Developmental:** Communication brings far-flung and remote areas closer to other developed areas, thereby leading to their development. Communication services help in the exchange of ideas leading to developments in research. They, thus accelerate research and development.

**(v) Forecasting and Disaster Management:**

Communication services are very useful in disasters such as earthquakes and storms to give early relief to people and in coordinating among rescue teams.

**Q 2. How can you say that different marketing centres try to provide services by targeting different markets?**

**Ans.** The towns and cities where buying and selling of items produced elsewhere takes place are called 'Trading Centres'.

Trading centres may be divided into:

(i) Rural marketing centres

(ii) Periodic markets in rural areas

(iii) Urban marketing centres.

Yes, it is true that different marketing centres try to provide services by targeting different markets.

The different marketing centres and the services they provide are explained below:

**(i) Rural Marketing Centres**

(a) They cater to nearby settlements and are quasi-urban in nature.

(b) They serve as trading centres of the most rudimentary type.

(c) Personal and professional services are not well-developed.

(d) They form local collecting and distributing centres.

(e) They have 'Mandis' and also retailing areas.

(f) They are not urban centres *per se* but are significant centres for making available goods and services which are most frequently demanded by rural folk.

**(ii) Periodic Markets in Rural Areas**

(a) They are found where there are no regular markets and local periodic markets are organised at different temporal intervals.

(b) These may be weekly, biweekly markets from where people from the surrounding areas meet their temporarily accumulated demand.

(c) These markets are held on specified dates and move from one place to another.

**(iii) Urban Marketing Centres**

(a) They provide ordinary goods and services as well as many of the specialised goods and services required by people.

(b) Services of educational institutions and professionals such as teachers, lawyers, consultants, physicians, dentists and veterinary doctors are available.

**Q 3. What is telecommunication? Why is it important?**

**Ans. Telecommunication:** Telecommunication refers to the transmission of information, signals, or data over a distance by using various electronic and communication technologies. It involves the exchanges of information through the use of devices, networks etc. Telecommunication encompasses a wide range of communication technologies and methods.

Importance of Telecommunication:

**(i) Reduced Time and Increased Speed of Communication**

Telecommunication that is linked to modern technology has revolutionised communications because of the speed with which messages are sent. The time reduced is from weeks to minutes.



(ii) **Made Communication Direct and Instantaneous:**  
It has made communication direct and instantaneous at any time and from anywhere irrespective of location.

(iii) **Helps to Cover Wide/ Vast Audience**  
Radio and television, also called as mass media, helps to relay news, pictures and telephone calls to vast audiences around the world. Newspapers are able to cover events in all corners of the world.

(iv) **Revolutionised the Communication System**  
The use of mobile phones and internet has truly revolutionised the global communication system. Satellite communication relays information of the earth from space.

**Q 4. Differentiate between:**

- (a) Tertiary Activities and Secondary Activities.
- (b) Rural Marketing Centres and Urban Marketing Centres.
- (c) BPO and KPO.
- (d) Communication and Telecommunication.

**Ans.** (a) Difference between Tertiary Activities and Secondary Activities are:

S. No.	Basis of Difference	Tertiary Activities	Secondary Activities
(i)	Dependence	They depend/rely more heavily on specialised skills, experience and knowledge of the workers.	They rely on the production techniques, machinery and factory processes.
(ii)	Output	They involve the commercial output of services.	They involve the production of tangible goods.
(iii)	Involvement in processing of raw material	They are not directly involved in the processing of physical raw materials.	They are directly involved in the processing of physical raw materials.

(b) Difference between Rural Marketing Centres and Urban Marketing Centres are:

S. No.	Basis of Difference	Rural Marketing Centres	Urban Marketing Centres
(i)	Provision of facility	They provide facility to nearby settlements.	They provide facility to large areas.
(ii)	Type	They are mostly rudimentary type.	They offer specialised services.
(iii)	Act as	They act as local collecting and distributing centres.	They provide services beyond cities at national or international levels.

(c) Difference between BPO and KPO are:

S. No.	Basis of Difference	BPO	KPO
(i)	Meaning	It is outsourcing of business activities such as customer care.	It is information driven knowledge outsourcing.
(ii)	Type of workers	It required relatively less high skilled workers.	It requires more high skilled workers.
(iii)	Benefit to companies	It enables companies to reduce cost and increase efficiency.	It enables companies to create additional business opportunities.
(iv)	Example	Call centres, data processing.	Research and development activities, e-learning, etc.

(d) Difference between Communication and Telecommunication are:

S. No.	Basis of Difference	Communication	Telecommunication
(i)	Meaning	It refers to transmitting of messages, facts and ideas either by words-oral or written or through body language.	It refers to communication using electronic technology.
(ii)	Pace of progress	It can be two forms (i) visual, (ii) audio. It has not made much progress.	It has made great progress due to improvement in technology.
(iii)	Mediums used	These were actually carried by hand, boat, animals, road, rail and air. It includes mail, telephonic, conversations and face-to-face conversations.	It is carried through satellites. It includes radio, television, newspapers, etc.
(iv)	Purpose	It is used for personal and business purposes.	It is used for marketing, public awareness and entertainment.





## Chapter Test

### Multiple Choice Questions

Q 1. Which one of the following sectors provide most of the employment in Delhi, Mumbai, Chennai and Kolkata?

- a. Primary
- b. Quaternary
- c. Secondary
- d. Service

Q 2. Which of the following is a tertiary activity?

- 1. Teaching
- 2. Legal Services
- 3. Publishing
- 4. Transport

Codes:

- a. 1, 2 and 3
- b. 2 and 3
- c. 1, 2 and 4
- d. All of these

### Assertion and Reason Type Questions

Directions (Q.Nos. 3-4): In the questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- a. Both (A) and (R) are true and (R) is the correct explanation of (A).
  - b. Both (A) and (R) are true, but (R) is not the correct explanation of (A).
  - c. (A) is true, but (R) is false.
  - d. (A) is false, but (R) is true.
- Q 3. Assertion (A): Over 40% of the GDP of world is generated by tourism.  
Reason (R): As a country develops, the number of people working in the primary sector declines whereas those in the tertiary sector increases.
- Q 4. Assertion (A): India has emerged as the leading country in medical tourism in the world.  
Reason (R): There has been a positive growth in the medical facilities in India during the past 30 years.

### Passage Based Questions

Q 5. Read the passage given below and answer the questions that follow:

Outsourcing or contracting out is giving work to an outside agency to improve efficiency and to reduce costs. When outsourcing involves transferring work to overseas locations, it is described by the term off-shoring, although both off-shoring and outsourcing are used together. Business activities that are outsourced include

Information Technology (IT), human resources, customer support and call centre services and at times also manufacturing and engineering. Data processing is an IT related service easily be carried out in Asian, East European and African countries. In these countries, IT skilled staff with good English language skills are available at lower wages than those in the developed countries. Thus, a company in Hyderabad or Manila does work on a project based on GIS techniques for a country like USA or Japan. Overhead costs are also much lower making it profitable to get job-work carried out overseas, whether it is in India, China or even a less populous country like Botswana in Africa. Outsourcing has resulted in the opening up of a large number of call centres in India, China, Eastern Europe, Israel, Philippines and Costa Rica. It has created new jobs in these countries. Outsourcing is coming to those countries where cheap and skilled workers are available. These are also out migrating countries. With the work available through outsourcing, the migration in these countries may come down.

- (i) Which is the advantage of outsourcing?
- (ii) Which activity is usually outsourced?
- (iii) Why are most of the services outsourced to Asian countries?

### Very Short Answer Type Questions

- Q 6. Define the term 'tertiary activities'.
- Q 7. Give any two examples of tertiary activities.

### Short Answer Type Questions

- Q 8. What is meant by digital divide? Why does it vary inter-country and intra-country?
- Q 9. Explain any three characteristics of periodical markets of rural areas in the world.

### Long Answer Type Questions

- Q 10. Explain in detail significance of transport and communication services.
- Q 11. How can you say that different marketing centres try to provide services by targeting different markets?
- Q 12. What is medical tourism? Explain the scope of medical services for overseas patients in India.