Question 13. What are the major factors responsible for the high growth of the service sector?
Answer. There has been high growth of the service sector in India. There is too much demand for services because :
(a) It is more profitable to contract services from developing countries.
(b) There is easy availability of skilled manpower at lower wage rate.

Question 14. Agriculture sector appears to be adversely affected by the reform process. Why?
Answer. There has been deceleration in agricultural growth. This deceleration is the root cause of the problem of rural distress that reached crisis in some parts of the country. Farmers find themselves into crippling debt due to low farm incomes combined with low prices of output and lack of credit at reasonable prices. This has led to widespread distress migration.
Economic reforms have not been able to benefit the agricultural sector because:
(a) Liberalisation has forced the small farmers to compete in a global market where prices of goods have fallen while removal of subsidies has led to increase in the cost of production. It has made farming more expensive.
(b) Various policy changes like reduction in import duties on agricultural products, removal of minimum support price and lifting of quantitative restrictions have increased the threat of international competition to the Indian farmers.
(c) The export-oriented growth has favoured increased production of cash crops rather than food grains. This has increased the prices of food grains.
(d) Public investment in agriculture sector especially in infrastructure which includes irrigation, power, roads, market linkages and research has been reduced in the reform period.

Question 15. Why has the industrial sector performed poorly in the reform period?
Answer. The post-reform period shows that industrial growth has slowed down. This was due to:
(a) Globalisation created conditions for free movement of goods and services from foreign countries. It adversely affected the local industries and employment in developing countries.
(b) Globalisation led to decrease in demand for domestic industrial products due to cheaper imports.
(c) There was inadequate investment in infrastructural facilities such as power supply.
(d) A development country like India still does not have the access to markets of developed countries due to high non-tariff barriers.

Question 16. Discuss economic reforms in India in the light of social justice and welfare.
Answer. Economic reforms have been criticised on the following grounds:
(a) Privatisation encourages growth-ofunonopoly power in the hands of big business houses. It results in greater inequalities of income and wealth.
(b) Globalisation has devastated local producers since they are

unable to compete with cheap imports.
(c) Economic reforms have led to mounting workers unrest. Workers have protested against low wages, poor working conditions, autocratic management rule, long work days and fall in social benefits.
(d) These have made public employees worse off. Public employees are adversely effected by budget cuts, privatisation and massive loss of purchasing power.
(e) Small business class is adversely affected by fall of public subsidies, de-industrialisation and floods of cheap imports.
(f) During the globalisation phase, about half a billion people in South Asia have experienced a decline in their income. Data shows that it is the poor who have suffered most.
(g) Since the government is unable to help the victims of globalisation, the provisions of social safety net have been weakened.
(h) The global village appears deeply divided between the street of the haves and those of the havenots. The average person in Norway (which has highest human development) and the average person in countries such as Niger (which has lowest human development) certainly live in different human development districts of the global village.

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