1. In the parlance of production of goods, what do you understand by the term 'economies of scale'? How does it affect the location of industries? Discuss with the help of suitable examples.

Approach

Candidates need to write and explain the economic of scale with production of goods point of view. And with suitable example discuss how it affect the location of the industry.

Introduction

Economies of scale occur when a company reaches a certain level of production where the cost of production will not be increasing, instead it is reduced. Such a situation takes place when products are produced in bulk. In other words, the cost of production is reduced with items produced in bulk.

Body

Production of goods at economic of scale impacting the location of industries:

- Economies of scale occurs when more units of a good or service can be produced on a larger scale that needs the large landscape for industries for example recent Ola electric mobility vehicle manufacturer, based in Bangalore. Its manufacturing plant is located in Krishnagiri, Tamil Nadu.
- External economies of scale can also be realized whereby an entire industry benefits from a development such as improved infrastructure. For example at large amount of food processing unit needs high end infrastructure there are 22 Mega Food Parks are operational across India in states with suitable infra.
- All fast-food chains and food joints are located in the same area of a certain city could benefit from lower transportation costs and a skilled labor force.
- Economies of scale not only benefit the organization that produces the goods. Consumers can enjoy lower prices. The economy grows as lower prices stimulate increased demand for example number of food joints are located at targeted consumers location like colleges, schools, IT park and hostels.
- There are various inputs at affordable rate will enhance the economic of scale that result in the production of a goods for example jute mills in West Bengal, sugar mills in Uttar Pradesh, cotton textile mills in Maharashtra, and Gujarat are concentrated close to the sources of raw materials for this very reason.
- As the scale of production of a company increases, a company can employ the use of specialized labor and machinery, resulting in greater efficiency. For example location near to the good high quality machines can impact the industry.

- With increasing profits and RoI due to the economic of scale from the goods companies needs a proper banking or investing environment So the areas with better banking facilities are better suited to the establishment of industries.

Conclusion

The location of the industry with respect to economic of scale at a particular place is the result of a number of decisions taken at various levels. There are various geographical and non geographic factors that facilitate this decision-making.

2. What are the emerging trends in the fintech industry? Discuss its locational factors.

Approach

Students are expected to write about the fintech industry and discuss the location factors affecting the it.

Introduction

The term "FinTech" is a combination of the words "finance" and "technology". It refers to the technology startups that are emerging to challenge traditional banking and financial players and covers an array of services such as crowdfunding platforms, mobile payment solutions, online portfolio management, money transfers, etc.

Body

Emerging trends:

- Blockchain technology, that maintains records on a network of computers, but has no central ledger.
- Smart contracts, which utilize computer programs (often utilizing the blockchain) to automatically execute contracts between buyers and sellers.
- Open banking, a concept that leans on the blockchain and posits that third-parties should have access to bank data to build applications that create a connected network of financial institutions and third-party providers.
- Insurtech, which seeks to use technology to simplify and streamline the insurance industry.
- Regtech, which seeks to help financial service firms meet industry compliance rules, especially those covering Anti-Money Laundering and KYC protocols which fight fraud.

- Cybersecurity, given the proliferation of cybercrime and the decentralized storage of data, cybersecurity and fintech are intertwined.

Since pandemic there has been change in dynamics of the locational factors of IT and Fintech industry. Most of software based industry like fintech also were managed by online meeting and work from home. Still there are different factors which will impact the industry in coming days such as.

- Capital: Availability of venture capital funds, large amount of capital for up Industries overseas.
- Labour: abundance of cheap skilled labour.
- Markets: access to global markets.
- Technology: regions with good innovative climate and good access to high Levels of technology.
- Site: City centre/suburb with good amenities, near universities or research Institutes. Ex- Bangalore and Pune has large number of engineering colleges. Facilitate silicon Valley type of environment.
- Government policies: providing financial support, maintaining a favourable Business climate and innovative culture within the community, providing Good infrastructure.
- With one of the world's fastest-growing economies, India has undoubtedly emerged as one of the fastest-growing FinTech hotspots in recent years.

Conclusion

Fintech has the potential to transform other financial services like insurance, investment, remittances. With right cyber security and internet penetration approach India should move forward to recognize the emerging virtual banking system in future.

3. Discuss the potential of tertiary sector industries for becoming the driver of economic growth in India.

Approach-

Candidates need to discuss the potential of tertiary sector industries for becoming the driver of economic growth in India.

Introduction:

In the past 100 years, developed economies have seen a transition from a manufacturing-based economy to one where the 'service sector' or 'tertiary sector' dominates. The tertiary industry is a technical name for the services sector of the economy, which encompasses a wide range of businesses, including financial institutions, schools, hotels, and restaurants. Tertiarization involves the service sector coming to comprise the biggest element of the economy.

The potential of tertiary sector industries for becoming the driver of economic growth in India include:

- A growing tertiary sector is usually a sign of increased living standards – it enables consumers to enjoy more leisure-based service activities, such as tourism, sport and restaurants.
- A key factor behind tertiarization is improved labour productivity. Better technology and improved labour productivity have enabled a higher output of manufactured goods and agriculture with less labour.
- This increased productivity has led to increased incomes of workers to spend on services and spare labour to be able to work in the more labour-intensive tertiary sector.
- The need for tertiary is increasing as there is more need of services like financial institutions, educational institutions etc. in Indian economy.
- The tertiary sector is responsible to distribute its services and goods to different consumers.
- Tertiary sector has become important in India because the demand for services such as transport, trade, storage will increase with the development of primary and secondary sectors.
- Other reason is the fact that the demand for tourism, shopping, private schools, private hospitals, etc. increases with the increase in the level of income.
- Due to the above discussed reforms, various restrictions on the movement of international finance were minimised. This led to huge inflow of foreign capital, foreign direct investments and outsourcing to India. This encouraged the service sector growth.

Conclusion

Growing service sector is a sign of increasing standard of living. Another factor behind development of service sector is increase in productivity of labour. Due to better technology and improved labour productivity, there is a increase in output of manufacturing goods and agriculture with less labour.