

Chapter-6

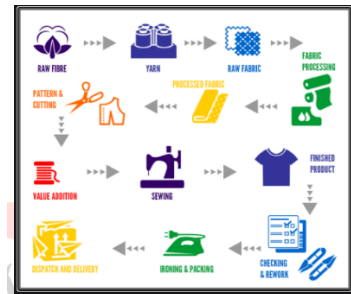
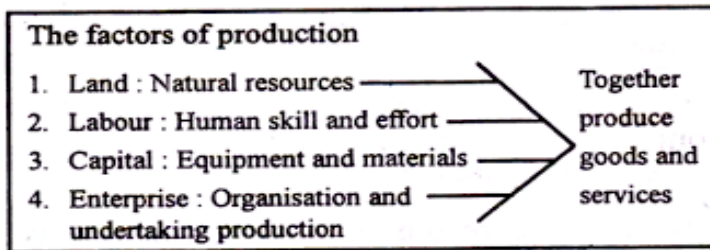
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Chapter Name- INDUSTRY

STUDY NOTES

INDUSTRY

- The organised production of goods or services is called industry.
- Types: manufacturing industry and service industry
- **Industry**: any economic activity concerned with the processing of raw materials into finished goods with the help of machines in factories in organised manner.
- **Manufacturing**: process of converting the raw material into a finished good is called manufacturing. This adds value to the good and it becomes of greater use to humans.

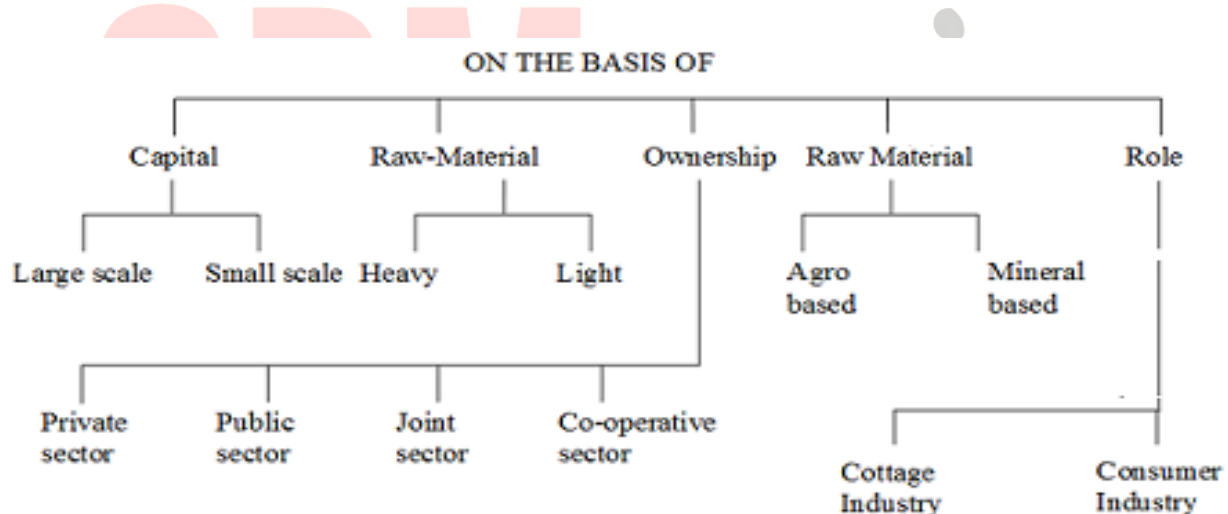


- Industrial activities are divided in three sectors – Primary sector, Secondary sector and tertiary sector.
- Secondary activities are those activities which change raw materials into products of more value.
- Industry refers to an economic activity that is concerned with production of goods, extraction of minerals or the provision of services.
- Industries are divided on the basis of raw material, size, and ownership.
- Industry is a group concept while manufacturing is an unit. Manufacturing may be from handicrafts to high tech. It involves converting raw materials to finished products.
- Industrial activity can be classified into primary (extraction), secondary (manufacturing), tertiary (services), quaternary (knowledge) and quinary (culture and research).
- After industrial revolution in 19th century Europe, manufacturing activity increased following invention of steam engine. In many developing countries of the world namely China, India manufacturing contribute a large part of national income. In 20th century electricity came into existence. Automobiles and airplanes became manufacturing hubs.
- Services like teaching, medical practice, govt service are part of tertiary sector of industrial activity. IT and computers are important segments of knowledge industry which contribute greatly to GDP.
- Thus manufacturing process is a species of a large genus called industry.

IMPORTANCE OF INDUSTRIES:

1. Industries help in modernizing agriculture which forms the backbone of our economy.
2. Industry also reduces the heavy dependence of people on agricultural income by providing them jobs in secondary and tertiary sector.
3. Industrial Development helps in removal of unemployment and poverty.
4. It also aims at bringing down regional differences by establishing industry in backward areas.
5. Export of manufactured goods expand trade and Commerce.

CLASSIFICATION OF INDUSTRIES



Ownership: On the basis of ownership, industries can be classified into the following sectors:

- **Public sector industries** are owned and operated by the government. For example, Hindustan Aeronautics Limited and Steel Authority of India Limited.
- **Private Sector Industries** are owned and operated by individuals or a group of individuals. For example, Bharat Heavy Electrical Ltd., Indian Oil Cooperation.
- **Joint Sector Industries** are owned and operated by the state and individuals or a group of individuals. For example, Maruti Udyog Limited.
- **Cooperative Sector Industries:** These industries are owned and operated by the producers or suppliers of raw materials, workers or both. For example, AMUL (Anand Milk Union Limited, Cooperative Producers), KRIBHCO (Krishak Bharati Cooperative Limited), Sudha Dairy and West Bengal State Co-operative Bank Ltd. They process the raw material to add value and earn more profit. Aims community welfare.
- **Multinational Firms** are big companies that operate from several countries. They operate with a desire to be globally competitive and to get maximum profits. Ex- Infosys, NIIT, Tata Steel, Samsung and Coca-Cola.

Raw materials are basic material used in any industry and industry can be classified on the basis of raw materials used in the industry.

- Industries under this are-
- Agro-based (depends of agriculture products) – The cotton textile, Jute, Vegetable Oil, Food Processing etc.
- Mineral-based (based on mines)- Iron and Steel, Locomotive, Automobile, Cement, Aluminium
- Marine-based (water-sea, ocean)- Sea food, Pearls, Oil
- Pastoral-based (animal based like sheep, goats and cattle)- Wool, Hide, Meat, Milk (Woollen, Dairy, Leather)
- Forest-based (shrubs, herbs, grasses, trees based)- Wood or wood pulp (paper), Cardboard, Rayons, Pharmaceuticals, Furniture, Fittings, Timber, Rubber etc.

Size of Industries: Size refers to the amount of capital invested, number of people employed and the volume of production. Industries based on size are classified into cottage industries, small scale and large scale industries.

- **Cottage Industries:**
 - Also known as VILLAGE or HOUSEHOLD Industry.
 - Few people get together, use simple tools and make things for sale.
 - Work from home
 - Do not use machines.
 - Local raw-materials forms finished product for local consumption.
 - Encouraged to enable village-based artisans to earn a living by following traditional means of occupation.
 - Example- Toy-Making, Weaving, Pottery, Shoemaking, Jewellery Making
- **Small Scale Industries:**
 - These industries use lesser amount of capital and technology.
 - They hire skilled labour.
 - Use machines
 - Obtain raw material from outside.
 - Produce more in terms of volume
 - Sell through traders in markets.
 - Works under private sector.
 - Ex- Silk-weaving, Garments production, food-leather units, chemical manufacturing, furniture-fittings, Automobile components etc.
- **Large Scale Industries:**
 - Large scale industries produce large volumes of products.
 - The investment of capital is higher.
 - Technology is superior.
 - Employ huge number of workers.
 - Production is on a mass scale and in voluminous.
 - For example: Iron-Steel, Petrochemicals, Textile, Production of automobiles- aircraft, railway coach, ship building, cement and heavy machinery etc.
 - After independence, India gave emphasis to this sector for development.

FACTORS AFFECTING LOCATION OF INDUSTRIES

- Raw Materials
- Availability of power resources
- Labour
- Capital
- Means of transport
- Proximity to markets
- Government policy

RAW MATERIALS AND AVAILABILITY OF POWER RESOURCES

- Raw material is easily available. Important for heavy and bulky industries ex-Iron and Steel or if Raw material is perishable in nature ex-sugarcane, flower. Industry should be near the source of raw material.
- Adequate and steady supply of power at low rates. Coal, Mineral Oil, Hydroelectric Power, Biogas. Iron-Steel Industry, metal industry is located near thermal or hydroelectric power plants.

LABOUR AND CAPITAL

- Variety of labour or workers for varied works efficiently. Skilled, Semi-skilled and Unskilled Labourers. Managers, Technicians, Engineers. Labour intensive industries- textile industry
- Huge capital investment is required as per size of the industry. Working Capital for day-to-day operations as well as fixed capital which refers to long term investment in fixed assets like factory, land, building and machinery.

MEANS OF TRANSPORT

- To move raw material to the industries and finished products to the markets.
- Network of roadways, railways, waterways and airways is important.
- Helps in distribution of products to markets.

PROXIMITY TO MARKETS

- The finished products from the industries are sent to the market and sold to different people who require them.
- Quick sale of goods.
- If market is near it saves cost of transportation on products.

GOVERNMENT POLICY

- The government develops industrial estates to encourage industries.
- Government gives subsidies.
- Supportive policies of the government influence industrial location.

INDUSTRIAL SYSTEM:

- An industrial system consists of inputs, processes and outputs.
- Raw materials, labor and costs of land, transport, power and other infrastructure are the inputs.

- The processes include a wide range of activities that convert the raw materials into finished products.
- The result or the outputs are the end of product and income earned from it.
- Industrial set ups also depend on the political will.

INDUSTRIAL REGIONS:

- Industrial regions emerge when a number of industries locate close to each other and share the benefits of their closeness.
- Major industrial regions tend to be located in the temperate areas, near sea ports and especially near coal-fields.
- Major industrial regions of the world are eastern North America, western and Central Europe, western and central Europe and eastern Asia (China, Japan). (Urbanised and densely populated)
- In India the industrial regions are Mumbai-Pune cluster, Bangalore-Tamil Nadu region, Hugli region, Ahmadabad-Baroda region, etc.
- Industrial regions depend on technological advancement of a country too.
- Now industrial corridors are being set up by countries to utilize maximum potential. China-India economic corridor is one of the such examples.

Industrial Regions OF INDIA

- The Mumbai-Pune cluster
- The Ahmadabad-Vadodara region
- The Gurgaon-Delhi-Meerut region
- The Bangalore-Coimbatore-Madurai cluster
- The Jharkhand-West Bengal region

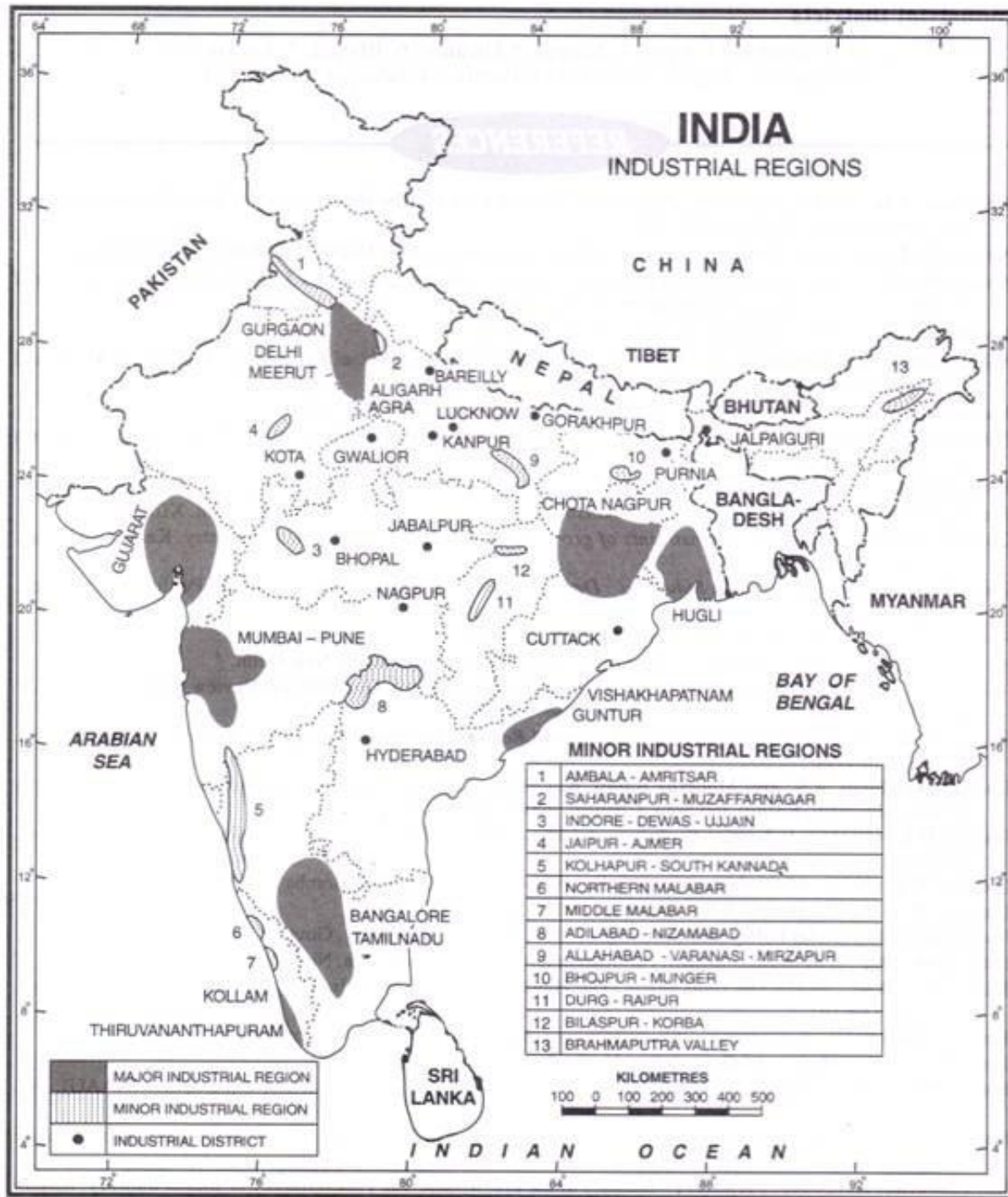


Fig. 27.18. India : Industrial Regions