(10)

27
INDUSTRY

27.1 INTRODUCTION

There are three sectors in any economy : primary, secondary and tertiary. In the previous lesson (No. 26) you have studied about agriculture which is the main constituent of the primary sector. In this lesson you will study about the secondary sector of the economy i.e. the industry.

Food is our main need. But apart from food there are other goods we need, like clothes, shoes, soaps, transport equipment such as cycles, cars, buses, trucks and aeroplanes; electricity, paper, stoves, sewing machines, radio, T.V., fridge etc. These are all provided by the industries.

Industries produce a wide range of goods from safety pins to aeroplanes. In this lesson you will learn about the role of industries in the Indian economy. You will also study the types of industries, the performance of various industries in India, factors on which industrial growth depends and the policy of the Government of India towards industries.

27.2 OBJECTIVES

After going through this lesson, you will be able to :

- explain the role of industries in the Indian economy;
- list the grouping of industries in different ways;
- explain the factors which affect industrial growth;
- state the policy of the Government of India towards industries since Independence.

27.3 IMPORTANCE OF INDUSTRIES IN OUR ECONOMY

Industries have a very important role to play in our economy because of the following reasons:

1. Industries produce goods for consumption

Industries produce various types of goods to fulfil the different needs of consumers. The manufactured goods that people desire are pins, paper, pencils, clothes, shoes, soaps, cycles, sewing machines, radio, T.V., fridge, etc. which are produced by industries.

2. Industries produce goods for production units

Industries also produce goods that are needed by production units like farms, factories, shops, offices, etc. These goods are needed to produce more goods and services.

For example, farmers need various inputs to grow crops like tractors, harvesters, fertilizers, pesticides, electricity, diesel, etc. All such goods are produced by the industries. Now take the example of industries. Industries need machines, raw materials, electricity and many other goods. All these goods are also produced by industries.

3. Industries help in the production of services

If there were no industries producing buses, trucks, trains, we would not be able to go from one place to another or transport our goods from one place to another as quickly as we do now.

If there were no industries producing paper, printing machines, ink etc. we would not have got this lesson to read. Education services require books, stationery, chalks, etc. all produced by industries.

For doctors to take care of our health and provide medical services, various things such as stethoscopes, thermometers, blood testing equipment and medicines are needed.

For communicating with our friends or relatives in different parts of the country we need postal services (for which we need envelops, postcards, stamps, letter boxes), telegraph services or even telephones (for which telephone instruments, cables and other equipment are needed). All these are produced by various industries.

4. Industries help to make us self-reliant

If there were no industries in our country then all manufactured products would have to be imported from other countries. It would have made us totally dependent on foreign countries. Such dependence on other countries is not good. Imagine what would happen if there was a war and supplies from foreign countries are affected. You must be aware that India is dependent on foreign countries for oil. During the Gulf war over Kuwait, oil supplies to India were affected and there was problem in the availability of petrol in India.

Industries in a country by fulfilling the various needs of the people of that country, help to make the countries self-reliant. Consider the example of steel, earlier we were dependent on other countries for fulfilling our need for steel. However with the development of steel industries, the situation has changed and we are self-reliant in steel production.

5. Industries promote exports

Inspite of the best efforts, it is not possible to achieve 100% self-reliance by any country. A country may not be able to produce many goods due to non-availability of the necessary inputs. These commodities, therefore, have to be imported.

However, to be able to import goods we need foreign exchange for making payments. The foreign exchange is earned by exporting goods. Thus, we need export to finance our imports.

We also need export goods for another reason. There are some goods that the country can produce in quantity greater than what is actually required within the country. This surplus can be exported and income earned.

To give you an idea of the importance of industries in India's exports, let us look at the percentage share of industries in the total Indian exports during 1996-97. The share of manufactured goods in total Indian exports was 75%. Leather products, jewellery, dyes, metal manufactures, transport equipment, machinery and instruments, electronic goods, cotton fabrics, readymade garments and handicrafts are some examples.

6. Industries are a source of livelihood

Industries provide livelihood to people. The number of workers employed in Indian industries in 1990-91 was over 5 crores. This is about one-sixth of the total working population in the country.

Industries are an increasing source of employment as compared to agriculture. There is limited scope of employment in agriculture because the demand for food items is limited. When income rises, demand for non-food items rises at a faster rate. Clothes, shoes, house, radio, T.V., sewing machine, washing machine, gas stove, etc. rises more than the demand for food items.

When the population increases, the demand for jobs increases. Industries are helpful in providing employment to the increasing population.

7. Industries help in exploiting natural resources

Nature has endowed our country with large amounts of resources like agricultural land, mineral deposit, forests, rivers, sea, etc. Out of these some are known to us and some are yet to be explored. Industrial goods like machines, equipment etc. help in exploiting the existing resources. For example tractors help in cultivating the land faster. Use of fertilizers etc. improves the fertility of land. Industrial goods also help in exploring new resources.

For example, for discovering oil in the sea we require sophisticated machines, satellites and other instruments. These products are given by the industry.

POINTS TO REMEMBER

- Industries play an important role in the Indian economy.
- They produce goods for consumption as well as for production units.
- They help in the production of services.
- They help to make the country self-reliant.
- They promote exports.
- They are an important source of livelihood.
- They help in exploitation and exploration of natural resources.

INTEXT QUESTIONS 27.1

1. Fill in the blanks with appropriate word from the brackets :

   (i) ________________ is the main constituent of the primary sector. (Mining, Agriculture)

   (ii) The share of industrial products in India's exports in 1996-97 was ________________. (75%, 25%)

   (iii) The number of people employed in industries in 1990-91 was about ________________. (5 crores, 4 crores)

   (iv) Industries are part of the __________ sector of the economy. (primary, secondary)

2. State whether the following statements are true or false.

   (i) Industries only produce goods to satisfy the needs of consumers.

   (ii) Industries help in the production of transport, health, communications and education services.

   (iii) India is self-reliant in the production of petrol.

   (iv) The only importance of exports is that they help us earn money to finance our imports.

27.4 CLASSIFICATION OF INDUSTRIES

Industries may be classified on the following basis:

(a) Ownership (b) Scale of production, and (c) Use

(a) Ownership

An enterprise may be wholly owned by the government, wholly owned by a private individual or group of individuals or jointly owned by the government and the private groups.

All enterprises whose ownership rests wholly with the government are known **as public sector enterprises.** Government here includes government at all levels i.e. the central, state or local. Some examples of public sector enterprises in india are Indian Airlines Corporation, Bharat Gold Mines, Fertilizer Corporation of India, Rashtriya Ispat Nigam.

Enterprises which are wholly owned by private individuals or group of individuals are said to be **private sector enterprises.** Examples of some private sector enterprises are Hindustan Liver Limited, Nestle India Ltd., Bajaj Auto Ltd., Shriram Fertilizers.

There may also be enterprises which are partly owned by the government and partly owned by the private sector. These enterprises are said to be jointly owned. There may be two types of **joint ownership enterprises:**

(i) Owned jointly by government and foreign company, and
(ii) Owned jointly by government and country's private sector.

An example of first type is MARUTI Udyog Ltd. : It is partly owned by the government and partly by SUZUKI of Japan.

Some examples of second type include MTNL (Mahanagar Telephone Nigam Limited), ONGC (Oil and Natural Gas Corporation), EIL (Engineers India Limited), ITDC (Indian Tourist Development Corporation).

(b) Scale of Production

Scale means the size of the enterprise. The size is measured either in terms of capital or number of workers employed. On the basis of scale, industries may be classified into small scale and large scale enterprises.

In India , the basis of classification is the investment in fixed capital which includes investment in plant, machinery and equipment.

Any industrial unit falls in the category of small scale if the investment in plant and machinery is not more than a certain limit. This limit is fixed by the government and it keeps changing from time to time due to an increase in investment costs. As of now (i.e. 1996-97) this limit has been fixed at Rs. 3 crores. All units having fixed capital of more than Rs. 3 crores are classified as large scale units.

(c) Use based classification

Goods are used either for consumption or for production. This gives us the third basis of classification of industries. Accordingly industries are classified into consumer goods and producer goods industries.

(i) Consumer goods industries : These industries produce goods for consumption, for example clothes, shoes, soaps, pins, watches, T.V., radio, fridge, washing machines etc.

(ii) Producers goods industries : These industries produce goods needed for further production like fertilizers, iron and steel, cement, chemicals, tools, machinery, etc.

27.5 FACTORS AFFECTING INDUSTRIAL GROWTH

Various factors on which the growth of industries depends are:

1. Availability of raw materials

Raw material is the basic input in production. Howsoever other facilities like infrastructure, credit, machinery and workers are available no output can be produced without raw materials.

As industries grow, more raw materials are required. If the raw materials were not available, industries would not be able to expand or grow.

2. Availability of technology

The technology is a major factor that determine the growth of industries. Higher the level of technology, higher the output. Production units using more labour produce less than the production units using more machines.

3. Availability of infrastructural facilities

The term infrastructural facilities includes roads, railways, airports, bridges, dams, telephones and other means of communication, water systems, electricity provision, etc. These facilities are basic requirements for running and development of industries. Simply looking at the infrastructure or whatever is included in it, you will be able to understand why the availability of these facilities is essential for undertaking industrial production in particular and the growth and development of industries in general.

Can you imagine what would happen if there was no electricity? Even if all other necessary inputs are available industries will not be able to produce anything if there is no electricity.

Imagine the problems that industries would face in the absence of transport facilities. If there were no roads, no railways then goods would probably have to be transported by bullock carts.

4. Availability of manpower

Availability of manpower is a very important factor affecting industrial growth. The term manpower includes both the unskilled and skilled labour. Managerial staff to manage the working of the enterprise and entrepreneurs who are willing to take the lead and bear risks are also included in manpower.

5. Employer and employee relations

For smooth functioning of industries, healthy relations between workers and employers are very important. If relations are strained, it will lead to strikes and lockouts and ultimately loss of production. Therefore, there is a need for ensuring peaceful and cordial labour relations.

6. Demand for goods

Goods are produced when they are in demand. It is, therefore, necessary that there exists markets i.e. demand for these goods. Before making an investment, any businessman first surveys the market to find out if there is a demand for his products. If he finds that such a demand does not exist, then he will not make investments. However, it is not necessary that the demand should come from within the country. There can be export demand also.

The government can promote the growth of industries by taking various measures. It can provide infrastructural facilities. It can encourage opening of new units by giving them subsidies and tax concessions. However, the government can play a positive role only if the attitude is to help rather than to interfere.

POINTS TO REMEMBER

- Industries may be classified on three basis : ownership, scale and use.
- On the basis of ownership, enterprises may be classified into public sector, private sector and jointly owned enterprise.
- On the basis of scale, enterprises may be classified into large scale and small scale enterprises.
- On the basis of use, enterprises may be classified into consumer goods and producer goods enterprises.
- Some of the factors that affect the growth of industries are availability of raw materials, technology and manpower, infrastructural facilities, cordial employer-employee relations, demand and government policies towards the industries.

INTEXT QUESTIONS 27.4

1. Fill in the blanks with appropriate word from the brackets :

   (i) An enterprise owned by the government is known as a ______________ sector enterprise. (public, private)

(ii) Hindustan Lever Ltd. is an example of ______________ sector enterprise. (public, private)

(iii) __________________ is an example of joint ownership between the government on one hand and a foreign company on the other. (Maruti Udyog Ltd., MTNL)

(iv) Any industrial unit may be said to be in the small scale if the investment is not more than Rs.________________. (3 crores, 3 lakhs)

2. State whether the following statements are true or false :

(i) Cement is an example of consumer goods industries.

(ii) Automatic machines can produce more output than manual labour.

(iii) Telephone is an example of infrastructural facility.

(iv) Cooperation between the workers and the employers is not essential for smooth functioning of an enterprises.

27.6 INDUSTRIAL POLICY OF THE GOVERNMENT

Industrial policy includes all rules and laws enacted by the government from time to time to provide a direction for industrial activity in the country. The government expresses its policy towards industries through the various industrial policy resolutions passed from time to time. Let us have a look at these resolutions.

(a) Classification of industries into the public and private sectors

After Independence, Government of India adopted a set policy of dividing the responsibilities for industrial growth between the public and the private sectors. This demarcation of roles was laid down for the first time in the Industrial Policy Resolution (IPR) of 1948 which was subsequently revised in 1956. It served as a guideline to industrial development in India upto 1991 when major changes were introduced in the policy. Let us first note the main features of IPR of 1956.

The IPR 1956 divided all industries into 3 categories or schedules :

Schedule A :

This included 17 industries where the public sector or the government would have exclusive responsibility. Some of these are arms and ammunition, atomic energy, iron and steel, air and rail transport, telephones, generation and distribution of electricity etc.

Schedule B :

This category included 12 industries and here the government was to take the initiative in setting up new enterprises but the private sector was also expected to play a role along with the efforts made by the government. Examples of some industries included in this category are : machine tools, chemicals, fertilizers, road and sea transport.

Schedule C :

This category included all the remaining industries not included in Schedules A and B. Here the development of industries was to be left to the private sector.

The above division of responsibility between private and public sectors indicates that India is a mixed economy. A mixed economy is an economy where both the public sector as well as the private sector exist together and play complementary roles in promoting industrial growth.

A major shift roles of private and public sector is however seen in the industrial policy of July 1991. It is called the New Economic Policy. In the policy of 1991 a greater role is being assigned to the private sector. This sector is now allowed to enter into areas which were earlier reserved for public sector enterprises. Under the IPR 1956, 17 industries were reserved for the public sector. Out of these 9 have now been deserved i.e. the private sector is allowed entry. These industries are iron and steel, electricity, air transportation, ship building and heavy machinery.

(b) Industrial licensing

Industrial licensing means taking permission of government to start an enterprise. It aims at regulating industries within the overall industrial policy of government. Some of the aims of a licensing system are as follows :

1. Development of industries according to the policies laid down by the government.
2. Controlling undue expansion by the large scale enterprises and preventing a concentration of economic power.
3. Protecting the small scale enterprises from competition posed by the large scale sector.
4. Promoting balanced regional development.
5. Making proper use of resources.
6. Generating employment opportunities.

However, it was found that the licensing system was abused by the big industrial houses to keep the competitors away. As such the 1991 policy gradually removed the requirement for license for most of the industries. Now only 15 industries are covered under the licensing system.

27.7 ROLE ASSIGNED TO THE SMALL SCALE SECTOR

In India a small scale enterprise is one in which investment in plant and machinery is less than Rs. 3 crores. The small scale enterprises may be divided into cottage units and small scale units. Cottage units are those which mainly produce traditional products, for example handicrafts, and use traditional methods of production and employ family labour.

Small scale units are different from cottage enterprises they use modern production techniques and hired labour (not just family labour).

(a) Importance of small scale industries

The small scale sector has always been given an important place in the development process of India. The main reasons are follows:

1. Large employment potential

A small scale enterprise requires less capital per worker. India is capital deficient and over-populated country. The number of persons seeking employment is increasing year by year. Small scale units have potential of employing large number of workers and require less amount of capital for the same.

2. Can conveniently adopt changing demand patterns

These enterprises have a small scale of operation. Therefore, it is easier for these enterprises to change their production pattern according to the changing demand patterns.

3. Use of local talents

In all parts of India talents are available at local levels. These people are experts in traditional goods. Small scale enterprises give opportunities to such talents. In the absence of small scale industries such opportunities would never be available to them.

4. Help in reducing inequalities of incomes

Large scale production lead to concentration of income and wealth in few hands. On the other hand a comparatively much large number of small sale enterprises leads to distribution of income in large number of hands. So small scale industries help in reducing inequalities of income.

5. Help in balanced regional development

The small enterprises can be conveniently opened in most parts of the country. These can reach in every corner of the country. As such these enterprises help in balanced regional development of the economy.

You are now familiar with reasons for the important role assigned to the small scale sector in India. Let us now look at some of the measures taken by the government to promote and protect small scale enterprises.

(b) Measures taken to promote small scale industries

1. Items reserved for exclusive production in small scale sector

As compared to small scale industries, large scale enterprises enjoy a better competitive advantage. It is because they have better access to resources, raw materials, finance, markets, modern technology. To protect the small scale industries from this unequal competition a large number of items have been reserved for the small scale sector. These reserved items can be produced only by the small scale enterprises.

2. Preference in government purchases

The small scale industries often face a problems of finding proper markets for their goods. The government has taken a number of measures to help small scale units market their goods. As such the government gives preference to this sector over other sectors in making purchases of goods produced by small scale industries.

3. Loans on priority basis

The small scale sector has been designated as a priority sector for the purpose of loans from commercial banks. In 1990 the Small Industries Development Bank of India (SIDBI) was set up to look after the financial needs of small scale enterprises.

4. Help in modernisation

The small scale sector often used old techniques and outdated machinery. This keeps its cost of production high. As such it is not able to compete with large scale enterprises. Various schemes have been started to help the small scale enterprises in buying modern machinery.

27.8 ROLE ASSIGNED TO THE PUBLIC SECTOR

By public sector we mean enterprises owned by the government. The public sector is assigned an important role in the Indian economy for the following reasons:

1. To ensure rapid industrialisation

The public sector is an unending source of investment. It can take risks easily and work according to government policies. In this way it can help in speedy industrialisation.

2. To prevent concentration of economic power in few hands

Public sector is owned by the entire society and not by a few persons. Therefore, setting up of industries in the public sector would mean profit to the entire society and not to a few persons. It means a more equitable distribution of economic power.

3. To develop industries not undertaken by the private sector

There are certain industries such as steel plants, dams, railways, irrigation projects which require large amounts of investment and yield returns after a gap of many years. Private entrepreneurs are unwilling to invest in such industries. But these industries are crucial for the development of the country. This responsibility therefore had to be taken up by the government.

4. To ensure balanced regional growth

Private investors set up industries in only those regions of the country where basic facilities like that of roads, electricity, water, transport, education, etc. are available. Backward regions of the country do not have such facilities. Therefore, the government sets up enterprises in less developed regions of the country to bring them at par with other regions of the country.

5. Use profits for further investment

In the private sector most of the profit is distributed among the owners. In the public sector no such distribution is required. Therefore public sector enterprises are in a better position to reinvest what they earn and lead to more industrialisation in the country.

27.9 PROBLEMS OF PUBLIC SECTOR ENTERPRISES

The public sector has indeed played a significant role in India's economic development but it also faces problems. There are some government enterprises which are making profits such as Steel Authority of India Ltd. (SAIL), Oil and Natural Gas Corporation (ONGC), Bharat Heavy Electrical Limited (BHEL), etc. But on the other hand there are a large number of other public sector enterprises e.g. Fertilizer Corporation of India, Rashtriya Ispat Nigam, Indian Airlines Corporation, which are not commercially profitable. The main reasons are :

1. Location of enterprises not based on commercial considerations

The public sector enterprises set up in backward areas were not guided by commercial considerations. They were set up to fulfil the aim of balanced regional development.

2. Interference by Government

There has been too much of government interference in policy and day to day working and decisions. This leads to delays in decision making.

3. Lack of incentive and accountability

There is no incentive to the employees to perform better. Also there is no accountability because no one is held responsible for a failure in achieving targets.

4. High cost of projects

Improper planning and delays in implementation of projects lead to rise in their cost.

5. Absence of competition

Public sector enterprises have long enjoyed a monopolistic position. Private sector was not allowed entry. This, in the absence of any competition, means that any performance was good performance. Due to absence of competitor there was no incentive to cut down costs or improve the quality of the product.

6. Overstaffing

There is overstaffing in public enterprises. The number of persons employed is more than what is required to run the public enterprises efficiently. This increases the cost and reduces profitability of these enterprises.

27.10 PERFORMANCE OF THE INDUSTRIAL SECTOR

By performance we mean the rate of growth of the industrial output. It is measured in the form by the Index of Industrial Production (IIP).

1. Performance of the industrial production as a whole

The following table (27.1) gives the IIP from 1950-51 to 1995-96. The year 1980-81 is taken as a base year.

Table 27.1

Year	IIP (Base 1980-81 = 100)
1950-51	18.3
1960-61	36.2
1970-71	65.3
1980-81	100
1990-91	180.9
1995-96	283.3

The table 27.1 reveals that industrial output is growing since 1950-51. It has grown nearly 16 times during the 45 year period. The rate of increase varies from decade to decade. During the decade 1980-81 to 1990-91 it has grown by about 81 percent i.e. at simple average annual growth rate of 8 percent.

2. Performance of certain selected industries

Let us now look at the growth in production of some selected different industries. Table 27.2 gives trend in output of certain selected industries. We can make two observations on the basis of this table. First, all industries have registered growth over the 40 year period. Second, the industries producing developmental goods such as machinery, metal products, chemicals, transport equipment and technological industries such as electronics have grown at a much faster rate than the traditional industries like textiles.

Table 27.2

Trends in production of certain selected industries in India

Industry	Units	1950-51	1960-61	1970-71	1980-81	1990-91	1995-96
Coal	Lakh tonnes	323	552	763	1190	2251	2920
Petroleum	"	3	5	68	105	330	351
Machine tools	Rs. Lakhs	30	80	4300	16920	77310	10530
Automobiles	Thousands	16.5	54.8	87.9	121.1	366.3	676
Railway wagons	"	n.a.	9	11	13	25	19
Nitr. Fertilizers	Thousand tonnes	9	99	830	2164	6993	8762
Cement	Lakh tonnes	27	80	143	186	480	693
Cotton Cloth	Crore sq.mt.	421	674	760	837	1543	1725

3. Performance of the small scale sector:

The small scale sector has a share of 40% of the total turnover of the industrial sector. It has a significant share of 45% of the total industrial exports and 34% of total Indian exports.

In terms of output we find that this sector recorded a growth rate of 11.4% in 1995-96. It has generally been seen that the growth rate of the small scale sector has been greater than the growth rate of the industrial sector as a whole.

4. Performance of public sector enterprises

The Department of Public Enterprises in India carries out an annual assessment of the performance of various government enterprises.

For the year 1995-96, it has been found that out of 104 public sector enterprises, 51 were excellent, 31 very good and 2 were poor.

The profitability of public sector enterprises has shown some improvement recently.

POINTS TO REMEMBER

- India is a mixed economy. The roles of public and private sectors have been clearly defined. These are defined in the industrial policy resolutions. The 1956 resolution gave emphasis on public sector. The 1991 resolution tells in terms of reducing the role of the public sector.

- The main aims of licensing policy in India were: to implement government policies, to stop undue expansion of large scale industries, to save small scale units from competition, balanced regional development, to increase employment opportunities.
- Small scale industries are important in India due to more employment potential, use of local talent, less inequalities of income and balanced regional development.
- Government took these measures to encourage small scale industries: reservation of products, preference in government purchases, loan facilities, help in modernisation.
- Public sector enterprises are important in India due to help in industrialisation, prevent concentration of economic power, developing enterprises not developed by private sector, balanced regional development, and reinvestment of profits.
- Public sector enterprises face these problems: industries not located on commercial consideration, government intervention, lack of incentive and accountability, and overstaffing.
- India's industrial production increased by 16 times during 1950-51 to 1995-96.
- The small scale sector contribution to total industrial production is 40 percent.

INTEXT QUESTIONS 27.3

Fill in the blanks with appropriate word from the brackets :

(i) The IPR 1956 divided all industries into ————schedules. (2,3)

(ii) Out of 17 industries reserved for the public sector ————have been dereserved in the IPR 1991. (9,10)

(iii) One main aim of licencing system is to prevent undue expansion of the ———— scale sector. (large, small)

(iv) Government has removed the need for license for all industries except ____________. (15,25)

(v) Small scale enterprises are ____________ intensive. (labour, capital)

TERMINAL EXERCISE

1. Explain the importance of industries in Indian economy.
2. Explain the various factors which affect industrial growth.
3. Why was the small scale sector given such an important role by the government in India's industrial development?
4. Write short notes on :
   (a) Basis of classifying industries.
   (b) The Industrial Policy Resolution of 1956.
5. Explain some of the aims of the Licensing System in India.
6. Explain the measures taken by government to promote small scale industries in India.
7. Explain the role of public sector enterprises in India.
8. What are the problems faced by public sector enterprises in India?
9. Write a note on the performance of industrial sector in India.

ANSWERS

Intext Questions 27.1

1. (i) agriculture (ii) 75 (iii) 5 crores (iv) secondary
2. (i) False (ii) True (iii) False (iv) False

Intext Question 27.2

1. (i) public (ii) private (iii) Maruti Udyog Ltd. (iv) 3 crores.
2. (i) False (ii) True (iii) True (iv) False

Intext Question 27.3

(i) 3 (ii) 9 (iii) large (iv) 15 (v) labour

Terminal exercise : Hints

1. (i) Production of goods for consumption and for production.
   (ii) Production of goods for services.
   (iii) Helpful in self-reliance.
   (iv) Promotion of exports.
   (v) Source of livelihood.
   (vi) Helpful in exploitation of natural resources.
   (Read section 27.3)

2. (i) Availability of raw materials.
   (ii) Availability of technology.
   (iii) Availability of infrastructural facilities.
   (iv) Availability of manpower.
   (v) Employer and employee relations.
   (vi) Demand for goods.
   (Read section 27.5)

3. (i) More employment potential.
   (ii) Can adopt changing demand patterns.
   (iii) Use of local talents.
   (iv) Helpful in reducing inequalities of incomes.
   (v) Balanced regional development.
   (Read section 27.7 a)

4. (a) Three basis: ownership, scale and use. (Read section 27.4)
   (b) Roles of public and private sectors defined. (Read section 27.6 a)

5. (i) Development according to government policy.
   (ii) Prevent under expansion of large scale industries.
   (iii) Save small scale units from competition.
   (iv) Balanced regional development.
   (v) Proper use of resources.
   (vi) Increasing employment opportunities.
   (Read section 27.6 b)

6. (i) Reservation of products.
   (ii) Preference in government purchases.
   (iii) Preference in loans.
   (iv) Help in modernisation.
   (Read section 27.6 b)

7. (i) Rapid industrialisation.
   (ii) Prevent concentration of economic power.
   (iii) Develop industries not developed by private sector.
   (iv) Balanced regional development.
   (v) Reinvestment of profits.
   (Read section 27.8)

8. (i) Location of industries not on commercial consideration.
   (ii) Government intervention.
   (iii) Lack of incentive and accountability.
   (iv) High cost of projects.
   (v) Lack of competition.
   (vi) Overstaffing.
   (Read section 27.9)

9. Read section 27.10