

LOCATION AND LOCALIZATION OF AN INDUSTRY

Location of an industry. This is the site/position/place where an industry is situated or established.

FACTORS INFLUENCING LOCATION OF AN INDUSTRY

- 1. Availability of raw materials.** Manufacturers prefer to locate their factories near the source of raw materials so as to minimize transport expenses.
- 2. Availability of labour.** Labour intensive industries are usually situated where cheap labour is available for example, sugarcane and tea plantations.
- 3. Availability of market.** Manufacturers prefer to locate their factories near to the market so as to save on transporting finished goods.
- 4. Availability of power.** Capital intensive industries are usually located where power for running the machines is readily available.
- 5. Availability of ancillary/support services.** Manufacturers prefer to locate their factories near to the banks, communication facilities, insurance services, health centres, refreshment spots, etc. all of which help in the smooth running of trade.
- 6. Cost of land.** Manufacturers prefer to locate their factories in suburbs of towns and rural areas where land is cheaper than in the centers of major towns.
- 7. Availability of room for expansion.** Usually, manufacturers select sites with enough land that allows expansion if desired at a later stage.
- 8. Accessibility.** Usually, manufacturers select sites which can easily be linked to roads so as to ease movement of raw materials to the firm and finished goods to the market.

9. Political climate/availability of security. Manufacturers prefer to locate their factories in areas that are politically stable so as to minimize losses.

10. Government policy on rural development and fair distribution of industries. Manufacturers prefer to locate their factories in remote areas so as to benefit from the tax rebates, free or cheaper land and financial assistance offered by the government.

Localization of an industry. This is the concentration of a particular type of industry in one area/town.

Or; this is the concentration of many firms in one area.

ADVANTAGES OF LOCALISATION OF AN INDUSTRY

1. It leads to easy accessibility to raw materials, labour, power and other resources which help to reduce costs of production.
2. It encourages growth of the service sector i.e. it leads to growth of banks, insurance firms and financial institutions in the region.
3. It leads to development of infrastructure. When industries get localized in an area, roads, roadways and power plants are built in the area in due course of time.
4. It creates employment opportunities to a number of people in the localised area for instance workers in different factories in the localised area.
5. It facilitates growth of capital goods industry. In course of time, factories for production of machines and equipment required for industries are established.
6. It facilitates development of commerce. Commerce and trade usually progress in the region where industries are localised.

7. It encourages competition among firms in the localised area which enables people to enjoy better quality goods and services at affordable prices.
8. It encourages specialisation among the different firms and this leads to increased output.
9. It encourages exploitation/utilization of idle resources such as land, labour, etc.
10. It leads to development of ancillary/other industries that use by-products of the big industry.
11. It makes it easy for the government to provide assistance to the many firms in the localised area at minimum cost.

DISADVANTAGES OF LOCALISATION OF AN INDUSTRY

1. Localisation of industries causes pollution of environment in form of air, water and noise pollution which increase in industrial areas.
2. Decline in demand for the products of localised industry leads unemployment in the region.
3. Localisation leads to industrial disputes in form of strikes, lookouts, etc. in industrial belts.
4. It leads to social evils like industrial slums and unhealthy living conditions, criminal activities, etc. in industrial areas.
5. It leads to increased cost of living and pressure on local facilities such as education, health, sanitation and public transport.
6. It encourages over production which at times leads to wastage of resources.
7. It encourages over exploitation of resources at times leading to their depletion.

8. Localisation leads to displacement of people from their original homes in trying to create space for the localised industry.

9. It creates regional imbalance. When industries get localised in few regions, these regions make rapid economic progress while other regions of the country remain economically backward.

ANSWER THESE QUESTIONS PLEASE (14TH/04/2020)

1. (a) Distinguish between location and localization of an industry.
(b) Briefly explain the factors that affect the location of an industry.
(c) Identify the advantages and dis-advantages of localization of industries.
2. (a) Differentiate between an industrial inertia and delocalization of industries.
(b) Give the advantages and disadvantages of delocalization of industries.

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