

Ans 2 Plant location depends to the choice of the region where men, material, money, machinery and equipment are brought together for setting up a business or factory.

• A plant is a place where the cost of the product is kept to low in order to maximize gains. It should always maximize the net advantage. Must minimize the unit cost of production and distribution.

• Plant location decision are ~~very~~ very important becoz once the plant is located at a particular site then the organization has to face the pros and cons of initial decision.

⇒ While taking location plant decision organization need to consider various factors such as availability of men, material.

money machinery and equipment

- At the same time plant location decision should also focus on expanding and developing facilities.

the nearness of the market, transport facilities, availability of fuel and power.

availability of water and disposal of water etc.

## # EXPLAIN factors

### ⇒ Primary factor

#### ① Availability of raw material

Availability of raw material is the most important of plant location decision. Usually manufacturing units where there is the conversion of raw material into finished goods is the main task.

⇒ Nearness market - Nearness of market

for the finished goods not only reduces the transportation costs but it can ~~be~~ quick services to the customer.

⇒ Availability of labour

Another most important factor which influences the plant location decision is availability of labour. The combination of adequate number of labour with suitable skills and reasonable labour wages can largely benefit the firm.

⇒ Transport facilities - The raw

material to the firm or to carrying the finished goods to the market. Transport facilities is very important depending on the size of the finished goods or raw material a suitable transportation is necessary.

such as road, water, soil and air. The transportation cost is highly increase the cost of production.

- Such organization can not complete with the rival firm. Here points considered is transportation cost must be kept low.

⇒ Availability of fuel and power

Unavailability of fuel and power is the major drawback in selecting a location of firms.

- Fuel and power are necessary for all most all the manufacturing units.

- So the located firm near to the coal beds and power industries can highly reduce the wastage of efforts

⇒ Availability of water | Depending on the nature of the plant firms

should give importance to the location where water is available. Eff. Power plant where use water to produce power should be located near the water bodies.

## # SECONDARY FACTORS

① Suitability of climate - climate

is really an influencing factor for industries such as agriculture, leather, and textile, etc.

② Government policies - while

selecting a location for the plant it is very important know the local existed government policies such as licensing policies, institutional finance.

③ Availability of Finance - Finance

is the most important factor for the smooth running business.

## ④ Competition between states

In order to invest attract the investment and large scale industries various states offer subsidies, benefits, and sales tax exemptions to the new units.

## ⑤ Availability of facilities - basic

facilities such as school, housing and recreation. Clubs etc. can motivate the workers to stick to the jobs.

## ⑥ Disposal of waste - Disposal of waste is a major problem particularly for industries such as chemical, sugar, and leather etc. so that the selected plant location should have provision for the disposal of waste.