INDUSTRIAL SCENARIO & INDUSTRIAL POTENTIAL IN WEST BENGAL

Chapter: Basic Industrial Concepts

Complete Study Notes with 50 Practice MCQs

These notes cover the basic concepts of industry, industrial development and industrial infrastructure. They are written in a simple, exam-oriented style for West Bengal students who are preparing for government job examinations. Each topic gives clear explanations, lists, comparison tables and diagrams, followed by quick facts that are frequently asked in competitive examinations. Fifty multiple-choice questions with an answer key are given at the end for self-assessment.

Topics Covered

No.	Topic
1	Meaning and Types of Industries
2	Primary, Secondary and Tertiary Industries
3	Large, Medium, Small and Micro Industries
4	Manufacturing and Service Industries
5	Industrial Development
6	Industrial Growth and Economic Development
7	Industrial Infrastructure
8	Practice Set: 50 MCQs with Answer Key

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1. Meaning and Types of Industries

1.1 Meaning of Industry

An **industry** is a group of economic units engaged in the production of goods or the supply of services using land, labour, capital and organisation. In simple words, industry means any economic activity that converts resources into useful products or services to satisfy human wants, and earns income in the process. The word is used for the whole group of similar firms (the textile industry, the jute industry, the tourism industry) as well as for a single production unit.

1.2 Main Characteristics of Industry

- **Organised economic activity:** production is planned and carried on for earning income or profit.
- **Use of resources:** raw materials, power, machines, labour, capital and technology are combined.
- **Value addition:** the output has a higher value than the inputs used to make it.
- **Creates utility:** form utility (a shirt from cotton), place utility and time utility.
- **Risk and enterprise:** every industry faces market, financial and technological risks.

1.3 Importance of Industries

- Provide employment and raise income and living standards.
- Reduce dependence on agriculture and bring structural change in the economy.
- Earn foreign exchange through exports and save it through import substitution.
- Promote use of technology, research, skill development and infrastructure.
- Encourage urbanisation and balanced regional development when set up in backward areas.

- Increase government revenue through taxes and duties.

1.4 Classification of Industries

Industries can be classified in several ways. The chart below shows the five most common bases of classification.

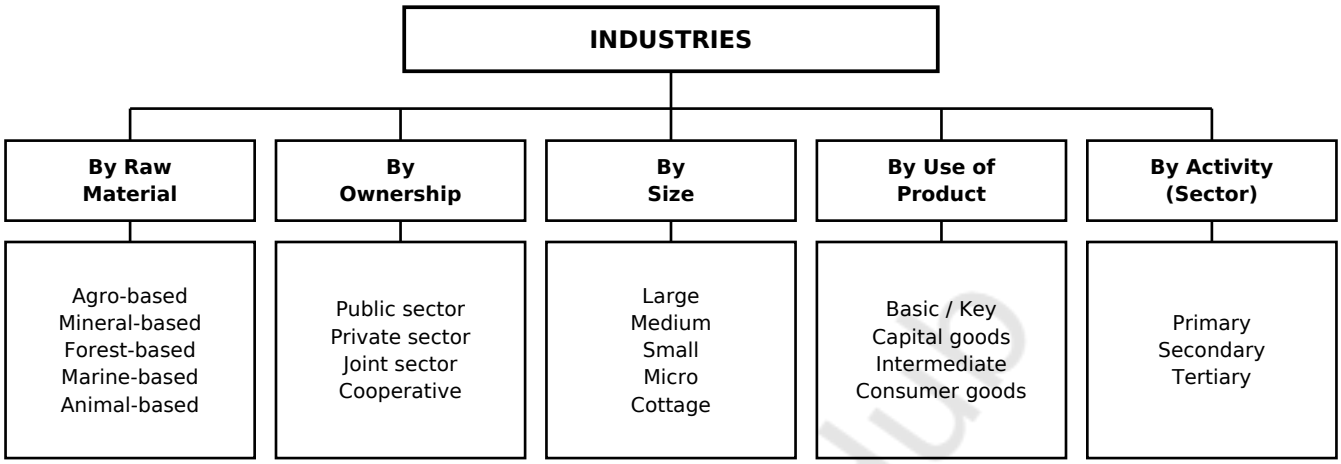


Figure 1: Classification of industries

1.5 Classification by Raw Material

Type	Meaning	Examples
Agro-based	Use plant and crop products as raw material	Cotton and jute textiles, sugar, tea processing, edible oil, rice mills
Mineral-based	Use ores and minerals	Iron and steel, cement, aluminium, petrochemicals
Forest-based	Use forest produce	Paper and pulp, furniture, lac, bamboo and cane products
Marine-based	Use sea and river products	Fish processing, seaweed, marine oils
Animal-based	Use animal products	Leather and footwear, wool, silk, dairy

1.6 Classification by Ownership

Type	Owned / Managed by	Examples
Public sector	Central or state government	SAIL, BHEL, Coal India, Indian Railways
Private sector	Individuals or private companies	Tata Steel, Reliance Industries, CESC
Joint sector	Government and private owners together	Oil India Ltd (originally formed with a private partner)
Cooperative sector	Producers or workers as members	Amul (dairy), IFFCO (fertilizers), handloom cooperatives

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1.7 Classification by Use of Products

Type	Meaning	Examples
Basic / Key industries	Supply raw materials to other industries	Iron and steel, cement, coal, power
Capital goods industries	Make machines and equipment	Machine tools, locomotives, turbines
Intermediate goods industries	Make parts used by other industries	Tyres, auto parts, yarn
Consumer goods industries	Make goods for final consumers	Garments, soap, biscuits, TVs

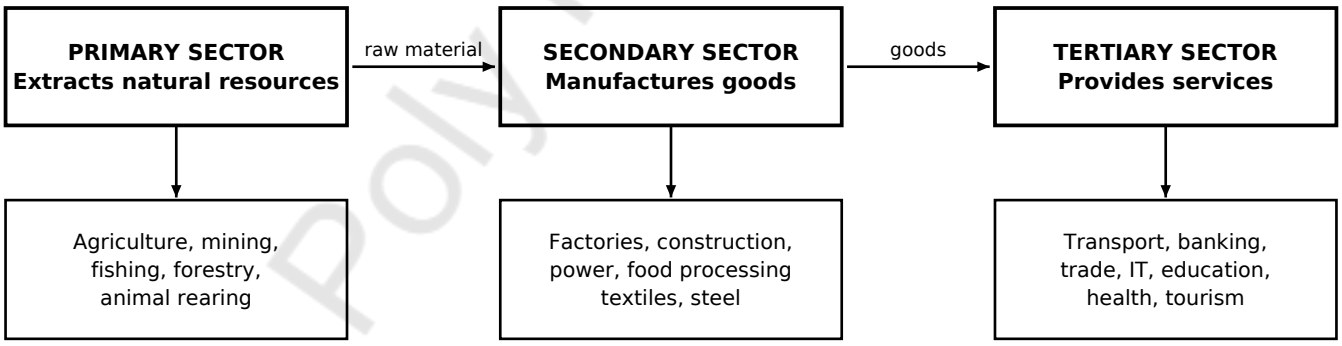
1.8 Other Useful Classifications

- **Labour-intensive industries** use more labour than capital (handloom, jute, construction); **capital-intensive industries** use more machines and money (steel, petrochemicals, refineries).
- **Heavy industries** use bulky raw materials and make heavy products (steel, shipbuilding); **light industries** use light raw materials (electronics, garments, toys).
- **Footloose industries** are not tied to any particular raw material source (IT, electronics).
- **Cottage industries** are run by artisans at home, mostly with family labour and simple tools.

Quick Facts for Exams
- Industry = organised activity that turns resources into goods or services.
- Public sector = owned by government; Cooperative = owned by member producers.
- Iron and steel is a basic, mineral-based and capital-intensive industry.
- Jute and cotton textiles are agro-based; paper is forest-based; leather is animal-based.
- West Bengal: jute, tea, engineering, leather, iron and steel, and petrochemicals are the major industries.

2. Primary, Secondary and Tertiary Industries

Economic activities are divided into three broad sectors according to the nature of the work done. This classification was developed by economists **Allan Fisher and Colin Clark** (the Fisher–Clark three-sector model) and is used worldwide to study the structure of an economy.



Primary output feeds secondary industry; both are supported by the tertiary sector

Figure 2: The three sectors of the economy and their linkages

2.1 Primary Industries

Primary industries extract or produce raw materials directly from nature. The output is usually sold either to consumers (such as rice and fish) or to other industries as raw material (such as iron ore, jute and cotton). They depend heavily on climate, soil and mineral resources.

- **Examples:** agriculture, plantation, mining and quarrying, fishing, forestry, animal husbandry.
- **West Bengal:** paddy, jute (the state is India's largest producer), tea in Darjeeling, Terai and Dooars, coal in the Raniganj–Asansol belt, and fisheries.

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2.2 Secondary Industries

Secondary industries convert raw materials into finished or semi-finished goods, thereby adding value. They include manufacturing, processing, construction and the production of electricity, gas and water.

- **Examples:** steel, textiles, cement, chemicals, automobiles, food processing, shipbuilding, construction.
- **West Bengal:** jute mills along the Hooghly, Durgapur steel, Chittaranjan locomotives, Haldia petrochemicals, Howrah engineering units, Kolkata leather complex.

2.3 Tertiary Industries

Tertiary industries do not produce physical goods. They provide services that support production and distribution and directly satisfy consumer needs. This is the fastest growing sector in modern economies.

- **Examples:** trade, transport, communication, banking, insurance, IT and software, education, health, tourism, hotels, entertainment and government services.
- **West Bengal:** Kolkata port services, IT and ITeS in Salt Lake Sector V and New Town, tourism (Sundarbans, Darjeeling, Digha), banking and trade.

2.4 Comparison of the Three Sectors

Basis	Primary	Secondary	Tertiary
Nature of work	Extraction from nature	Manufacturing and processing	Services
Output	Raw materials, farm produce	Finished goods	Intangible services
Dependence	Climate, land, minerals	Raw materials, power, technology	Skills, demand, infrastructure
Also called	Agricultural / extractive sector	Industrial sector	Service sector
Skill level	Mostly low to medium	Medium to high	Low to very high
Examples	Farming, mining	Steel, textiles	Banking, IT, transport

2.5 Quaternary and Quinary Sectors

- **Quaternary sector:** knowledge-based activities such as information technology, research and development, consultancy and data services.
- **Quinary sector:** the highest level of decision making in government, business and non-profit bodies, and also high-level services such as top management and policy making.

2.6 Changing Structure of the Economy

As an economy develops, the share of the primary sector in national output falls, the secondary sector rises first, and the tertiary sector becomes the largest. India follows a similar pattern: the services sector now contributes more than half of the country's Gross Value Added (GVA), industry contributes roughly a quarter, while agriculture contributes less than one-fifth. However, agriculture still employs the largest share of the workforce, which is why raising productivity and shifting workers to manufacturing remains a policy priority.

Quick Facts for Exams
• Three-sector model: Allan Fisher and Colin Clark.
• Primary = extraction; Secondary = manufacturing; Tertiary = services.
• Construction and electricity generation belong to the secondary sector.
• Tertiary sector is the largest contributor to India's GVA; agriculture still employs the most people.
• Cultivation of jute is primary; a jute mill is secondary; jute trade and export are tertiary.

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3. Large, Medium, Small and Micro Industries

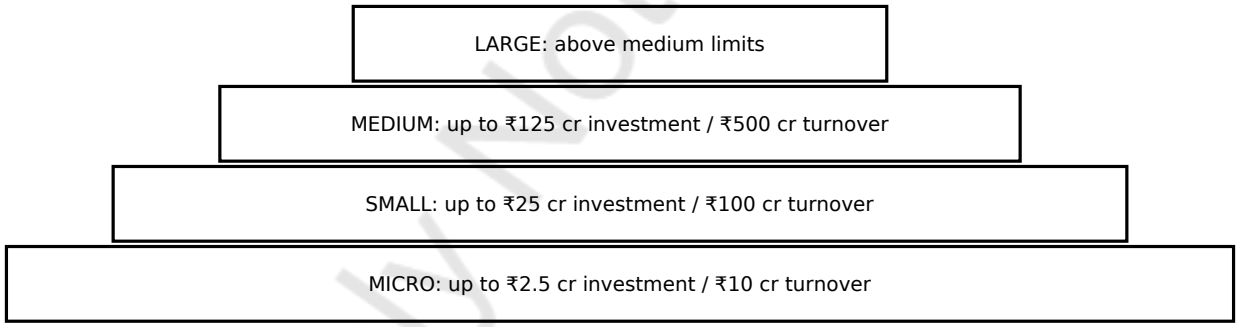
Industries are also classified by their size, measured by investment in plant and machinery or equipment and annual turnover. In India, the **Micro, Small and Medium Enterprises Development (MSMED) Act, 2006** defines micro, small and medium enterprises (MSMEs). Enterprises larger than the medium limits are treated as large industries. MSMEs are administered by the Ministry of Micro, Small and Medium Enterprises.

3.1 Classification Criteria

The definition has been revised twice in recent years: in 2020 (combining manufacturing and services under one definition with an added turnover test) and again with effect from **1 April 2025**. Both are shown below.

Category	Earlier definition (from 1 July 2020)	Revised definition (from 1 April 2025)
Micro	Investment up to ₹1 crore and turnover up to ₹5 crore	Investment up to ₹2.5 crore and turnover up to ₹10 crore
Small	Investment up to ₹10 crore and turnover up to ₹50 crore	Investment up to ₹25 crore and turnover up to ₹100 crore
Medium	Investment up to ₹50 crore and turnover up to ₹250 crore	Investment up to ₹125 crore and turnover up to ₹500 crore
Large	Above the medium limits	Above the medium limits

Before 2020, under the 2006 Act, manufacturing units were classified by investment in plant and machinery alone (micro up to ₹25 lakh, small up to ₹5 crore, medium up to ₹10 crore) and service units by investment in equipment. Enterprises now register on the **Udyam Registration** portal (from 1 July 2020), which is free and paper-less.



Bottom to top: number of units decreases, size of investment increases (limits effective 1 April 2025)

Figure 3: Size ladder of Indian enterprises

3.2 Features of Large Industries

- Very high investment, mass production and advanced technology.
- Large workforce, professional management and strong research capacity.
- Benefit from economies of scale; major source of exports and tax revenue.
- Examples: Tata Steel, SAIL, Reliance, Hindustan Motors (earlier), Coal India.

3.3 Features and Importance of MSMEs

- Low capital requirement, easy to start, and local raw materials are used.
- Second largest source of employment in India after agriculture.
- Produce a large share of manufacturing output and exports.
- Encourage entrepreneurship, rural industrialisation and balanced regional development.
- Act as ancillary units supplying parts and services to large industries.

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3.4 Problems Faced by MSMEs

- Shortage of credit and high cost of finance.
- Lack of modern technology, skilled labour and marketing support.
- Delayed payments from buyers and competition from large firms and imports.
- Weak infrastructure, raw material price rises, and compliance burden.

3.5 Government Support for MSMEs

Scheme / Institution	Purpose
Udyam Registration (2020)	Single online registration and official recognition of MSMEs
SIDBI (1990)	Apex financial institution for promotion, financing and development of MSMEs
CGTMSE (2000)	Credit guarantee for collateral-free loans to micro and small enterprises
MUDRA Yojana (2015)	Loans to small business: Shishu (up to ₹50,000), Kishor (₹50,001–₹5 lakh), Tarun (₹5–₹10 lakh), Tarun Plus (₹10–₹20 lakh)
PMEGP (2008)	Subsidy-linked credit for new self-employment ventures; KVIC is the nodal agency
KVIC (1957)	Promotes Khadi and village industries

3.6 West Bengal Perspective

West Bengal has a very large number of MSMEs spread across jute products, engineering and foundry units in Howrah, leather goods in the Kolkata Leather Complex at Bantala, handloom and handicrafts (Shantipur and Dhaniakhali sarees, Bishnupur terracotta and Baluchari silk, Krishnanagar clay dolls), food processing and gold jewellery. These units provide large-scale employment, especially in rural and semi-urban areas.

Quick Facts for Exams
• MSMED Act: 2006. Revised MSME criteria effective 1 April 2025 (Micro ₹2.5 cr / ₹10 cr; Small ₹25 cr / ₹100 cr; Medium ₹125 cr / ₹500 cr).
• Udyam Registration started on 1 July 2020; classification now uses both investment and turnover.
• SIDBI: 1990. MUDRA: 2015. PMEGP: 2008. CGTMSE: 2000.
• Cottage industries are the smallest and use family labour; the Khadi and Village Industries Commission supports them.

4. Manufacturing and Service Industries

4.1 Manufacturing Industries

Manufacturing industries convert raw materials into finished goods through mechanical, chemical or manual processes, using labour, machines and energy. The products are physical and tangible, can be stored, and can be transported over long distances.

Type of Manufacturing	Meaning	Examples
Analytical	One raw material is broken into several products	Petroleum refining, crude oil to petrol, diesel, kerosene
Synthetic	Several materials are combined into one product	Cement, soap, paints, fertilizers
Processing	Raw material passes through successive stages	Sugar, paper, jute yarn to cloth
Assembling	Ready-made parts are put together	Cars, locomotives, computers, mobile phones

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4.2 Service Industries

Service industries provide intangible products such as skill, advice, convenience and experience. A service cannot normally be touched, stored or owned, and is produced and consumed at the same time.

- **Trade and commerce:** wholesale, retail, e-commerce.
- **Transport and logistics:** railways, roadways, shipping, airlines, warehousing.
- **Financial services:** banking, insurance, stock market, microfinance.
- **Information and communication:** telecom, IT, ITeS, broadcasting.
- **Social services:** education, health care, public administration.
- **Hospitality and tourism:** hotels, travel agencies, entertainment.

4.3 Characteristics of Services

Characteristic	Meaning
Intangibility	Services cannot be seen or touched before purchase
Inseparability	Production and consumption take place together
Variability	Quality differs with the service provider and the time
Perishability	Services cannot be stored for later use

4.4 Manufacturing vs Service Industries

Basis	Manufacturing Industry	Service Industry
Output	Tangible goods	Intangible services
Storage	Can be stored in stock	Cannot be stored
Raw material	Essential	Not required or very little
Capital	Usually high (plant, machinery)	Varies; often skill and technology based
Production and consumption	Separate in time and place	Simultaneous
Quality control	Standardisation is easier	Standardisation is difficult
Sector	Secondary	Tertiary
Examples	Steel, textiles, cars	Banking, IT, health, tourism

4.5 Importance in India and West Bengal

- Manufacturing creates jobs for semi-skilled workers, supports exports and strengthens defence and infrastructure. The government's **Make in India** and **National Manufacturing Policy (2011)** aim to raise the share of manufacturing in GDP.
- Services now give more than half of India's GVA and are a leading source of export earnings, especially IT-BPM and tourism.
- West Bengal's manufacturing strengths are jute, tea processing, engineering goods, iron and steel, leather, and chemicals. Its service strengths include Kolkata as the commercial and financial hub of eastern India, the IT hubs of Salt Lake and New Town, education, health care and tourism.

Quick Facts for Exams
• Manufacturing = tangible and storable; Service = intangible and perishable.
• Four features of service: Intangibility, Inseparability, Variability, Perishability.
• Petroleum refining is an example of analytical manufacturing; car making is assembling.
• Tourism, banking, transport, and IT are service industries.

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5. Industrial Development

5.1 Meaning

Industrial development means the sustained process of establishing and expanding industries, improving their technology, productivity and organisation, and increasing their contribution to income and employment. It is not only growth in the number of factories but also a qualitative improvement in the industrial structure, such as a shift from simple consumer goods to capital goods, engineering and high-technology industries.

5.2 Objectives of Industrial Development

- Rapid and balanced growth of the economy and a higher share of industry in national income.
- Generation of employment, especially for the growing young workforce.
- Self-reliance through import substitution and promotion of exports.
- Reduction of regional imbalances by developing backward areas.
- Prevention of concentration of economic power and encouragement of small units.
- Adoption of modern technology and improvement of efficiency.

5.3 Factors Affecting Industrial Development

Factor	Role in Industrial Development
Raw materials	Availability near the factory reduces cost (steel near coal and iron ore)
Power and energy	Coal, petroleum, electricity and gas run machines
Capital	Needed for land, machinery and working expenses; banks and financial institutions help
Labour	Skilled and cheap labour attracts industry
Market	Large demand at home and abroad supports expansion
Transport and communication	Roads, rail, ports and telecom link raw materials and markets
Government policy	Industrial policy, taxes, incentives, licensing, land and law and order
Technology and enterprise	Innovation and capable entrepreneurs drive growth

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5.4 Milestones of Industrial Policy in India

Year	Policy / Law	Main Feature
1948	Industrial Policy Resolution	Mixed economy; four categories of industries; announced under Dr. Syama Prasad Mookerjee, the first Minister for Industry and Supply
1951	Industries (Development and Regulation) Act	Licensing and regulation of industries
1956	Industrial Policy Resolution	Called the 'economic constitution of India'; emphasis on public sector and heavy industries; three schedules
1969	MRTP Act	Control of monopolies and restrictive trade practices (later replaced by the Competition Act, 2002)
1977 and 1980	Industrial Policy Statements	Priority to small industries, district industries centres
1991	New Industrial Policy	Liberalisation, Privatisation, Globalisation (LPG); end of industrial licensing for most industries
2005	SEZ Act	Special Economic Zones for exports
2011	National Manufacturing Policy	Target of 25% share of manufacturing in GDP
2014	Make in India	Promote manufacturing and investment
2016	Start-up India	Support to start-ups and innovation
2020	Atmanirbhar Bharat and PLI schemes	Production-linked incentives for domestic manufacturing

5.5 Industrial Development in West Bengal: A Brief History

- **Colonial period:** Kolkata became the leading industrial and commercial centre of the country. Coal mining began in the Raniganj coalfield (first commercial mining in the 1770s); the first jute mill of India was set up at Rishra in 1855; the Kulti ironworks (1870s) and IISCO at Burnpur (1918) started iron and steel production.
- **Post-independence:** Dr. B. C. Roy developed Durgapur as an industrial city with the steel plant, Chittaranjan Locomotive Works was established (1950), and the Damodar Valley Corporation (1948) supplied power.
- **Later phase:** the Haldia port-based petrochemical complex, IT and ITeS growth in Salt Lake and New Town, Falta Special Economic Zone, and the Bengal Global Business Summit (from 2015) to attract investment.

5.6 Problems of Industrial Development

- Shortage of capital, infrastructure bottlenecks and unreliable power in some regions.
- Land acquisition difficulties and regulatory delays.
- Industrial sickness (closure of old units such as jute mills) and labour–management disputes.
- Regional imbalance, technology gap and competition from imports.

Quick Facts for Exams
• IPR 1948 (mixed economy), IPR 1956 (public sector, heavy industry), New Industrial Policy 1991 (LPG).
• Dr. Syama Prasad Mookerjee, a Bengali leader, was India's first Minister for Industry and Supply.
• First jute mill: Rishra, West Bengal (1855). Durgapur Steel Plant and Chittaranjan Locomotive Works are in West Bengal.
• Make in India: 2014; Start-up India: 2016; PLI schemes: 2020.

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6. Industrial Growth and Economic Development

6.1 Industrial Growth

Industrial growth is the quantitative increase in industrial output over a period of time, usually measured by the rate of change of the **Index of Industrial Production (IIP)** or by the growth of industrial Gross Value Added.

6.2 Economic Development

Economic development is a wider concept. It means a sustained rise in national and per capita income together with structural change and improvement in living standards, education, health, equality and quality of life.

6.3 Economic Growth vs Economic Development

Basis	Economic Growth	Economic Development
Meaning	Increase in national output or income	Increase in output plus improvement in quality of life
Nature	Quantitative	Quantitative and qualitative
Scope	Narrow	Broad
Indicators	GDP, GNP, per capita income, IIP	HDI, literacy, life expectancy, poverty, inequality
Time	Can be short term	Long-term process
Applicable to	All countries	Mostly developing countries

6.4 Index of Industrial Production (IIP)

IIP measures changes in the volume of production of a basket of industrial products over a period of time. It is compiled and released monthly by the **National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI)**. The current base year is **2011-12**.

IIP Sector	Weight (base 2011-12)
Manufacturing	77.63%
Mining	14.37%
Electricity	7.99%

6.5 Eight Core Industries

Eight core industries have a combined weight of about **40.27%** in the IIP. Their weights within the Index of Eight Core Industries (base 2011-12) are shown below.

Core Industry	Weight (%)	Core Industry	Weight (%)
Refinery products	28.04	Coal	10.33
Electricity	19.85	Crude oil	8.98
Steel	17.92	Natural gas	6.88
Cement	5.37	Fertilizers	2.63

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6.6 How Industrial Growth Leads to Economic Development

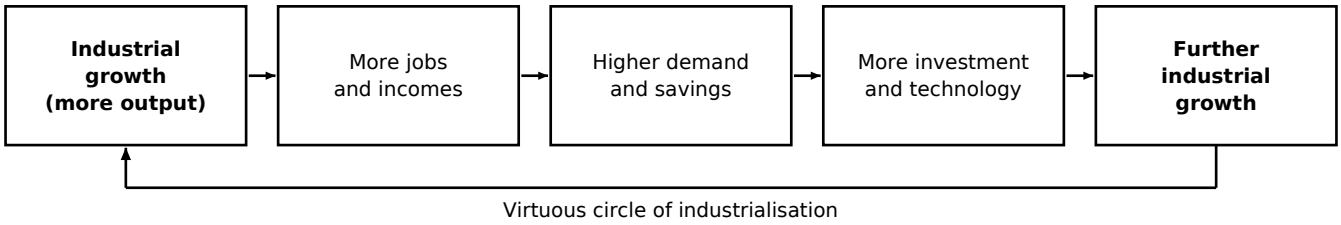


Figure 4: Link between industrial growth and economic development

- **Employment and income:** industries absorb surplus agricultural labour and raise incomes.
- **Linkages:** a growing industry creates demand for inputs from other industries (*backward linkage*) and supplies its output for further use (*forward linkage*). Steel has backward links with coal and iron ore and forward links with automobiles and construction.
- **Multiplier effect:** every rupee spent in industry creates additional income and demand elsewhere.
- **Exports and foreign exchange:** manufactured exports reduce the trade deficit.
- **Technology and productivity:** industry spreads new methods to agriculture and services.
- **Urbanisation and infrastructure:** industrial centres create cities, roads, schools and hospitals.

6.7 Important Theories and Models

Model / Thinker	Key Idea
Rostow's stages of growth	Five stages: traditional society, pre-conditions for take-off, take-off, drive to maturity, age of high mass consumption
Mahalanobis model	Basis of the Second Five Year Plan (1956-61); priority to heavy and capital goods industries
Hirschman's unbalanced growth	Invest in key industries with strong linkages to pull other sectors forward
Lewis model	Surplus labour moves from agriculture to industry and drives growth

Quick Facts for Exams
- Growth = quantitative (GDP, IIP); Development = growth plus quality of life (HDI).
- IIP is released by NSO (MoSPI); base year 2011-12; manufacturing has the highest weight.
- Eight core industries: coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, electricity.
- Second Five Year Plan followed the Mahalanobis model.
- HDI is published by the UNDP.

7. Industrial Infrastructure

7.1 Meaning

Industrial infrastructure means the basic physical, financial and social facilities and services needed for the setting up and smooth running of industries. Good infrastructure lowers production and transport costs, attracts investment and speeds up industrial growth. Poor infrastructure is one of the biggest obstacles to industrialisation.

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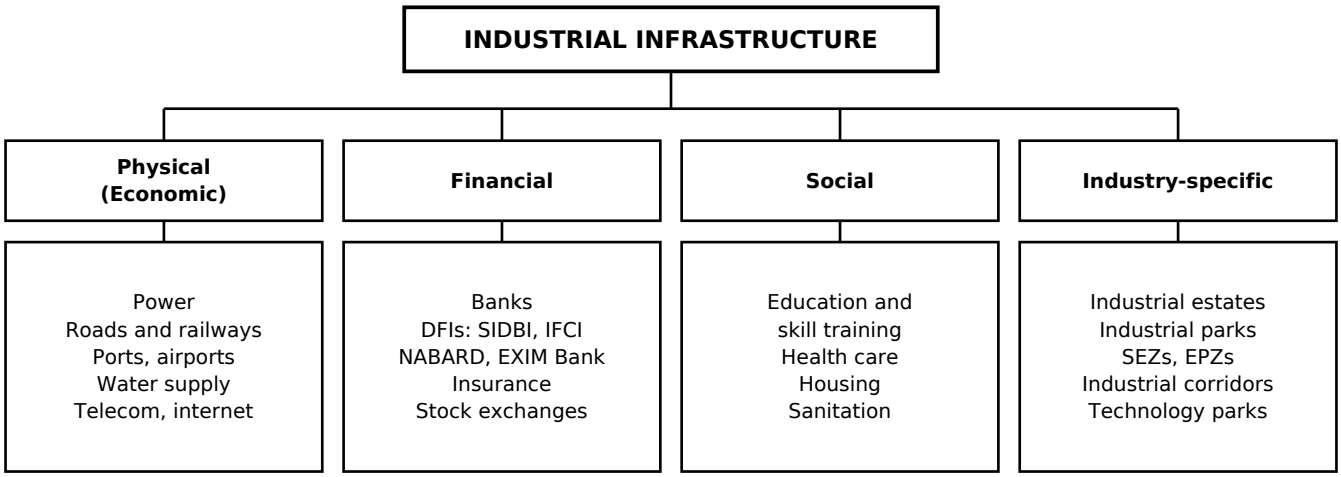


Figure 5: Components of industrial infrastructure

7.2 Components of Industrial Infrastructure

Type	Components	Role
Power and energy	Thermal, hydro, nuclear, solar, wind power, grids	Runs machines; reliable and cheap power is essential
Transport	Roads, railways, ports, airports, inland waterways, freight corridors	Moves raw materials and finished goods
Communication	Telephone, mobile, internet, postal and digital networks	Links producers, suppliers and markets
Water and sanitation	Water supply, drainage, effluent treatment	Needed for process industries
Financial	Banks, development finance institutions, capital market	Provide credit and investment
Social	Schools, ITIs, polytechnics, hospitals, housing	Produces healthy, skilled labour

7.3 Industrial Estates, Parks, SEZs and Corridors

Facility	Meaning	Example
Industrial estate	Planned area with ready plots, power, water, roads and common services, mainly for small units	State industrial estates managed by development corporations
Industrial park	Larger planned zone for a cluster of industries with modern facilities	Industrial parks developed by WBIDC
Export Processing Zone (EPZ)	Area for export production with tax and duty benefits	Kandla (1965), the first EPZ in Asia; Falta EPZ (West Bengal)
Special Economic Zone (SEZ)	Duty-free enclave treated as foreign territory for trade; SEZ Act, 2005	Falta SEZ, IT and ITeS SEZs in New Town
Industrial corridor	Planned development of industry and cities along a transport route	Amritsar–Kolkata Industrial Corridor
Technology / IT park	Area for IT, electronics and R&D firms	Salt Lake Sector V, Kolkata

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7.4 Major Government Initiatives

Initiative	Focus
Sagarmala (2015)	Port-led development and modernisation of ports
Bharatmala (2017)	Highway development and economic corridors
UDAN (2016)	Regional air connectivity
Dedicated Freight Corridors	Fast and cheaper rail freight; the Eastern DFC serves the east including West Bengal
National Infrastructure Pipeline (2019)	Long-term infrastructure investment plan
PM Gati Shakti (2021)	Integrated planning and coordination of infrastructure projects through a digital platform
National Logistics Policy (2022)	Reduce logistics cost and improve efficiency

7.5 Industrial Infrastructure in West Bengal

- **Ports:** Syama Prasad Mookerjee Port, Kolkata (Kolkata Dock System and Haldia Dock Complex), the only major riverine port of India, serves eastern India, Nepal and Bhutan.
- **Railways and metro:** Kolkata is the headquarters of Eastern Railway, South Eastern Railway and Metro Railway; the Kolkata Metro (1984) was India's first metro rail.
- **Airports:** Netaji Subhas Chandra Bose International Airport (Kolkata), Bagdogra and Andal (Durgapur).
- **Power:** Damodar Valley Corporation (1948), WBSEDCL, WBPDCL and CESC (Kolkata's private utility).
- **Industrial promotion agencies:** West Bengal Industrial Development Corporation (WBIDC) develops industrial parks and growth centres; Bengal Global Business Summit invites investors.
- **Strengths:** strategic location as the gateway to the North-East and neighbouring countries, access to coal and iron ore belts, skilled manpower and large consumer market.

Quick Facts for Exams
• Infrastructure types: physical (economic), financial and social.
• Kandla (1965) was Asia's first EPZ; the SEZ Act was passed in 2005.
• Kolkata Metro (1984) was India's first metro. Kolkata Port is now Syama Prasad Mookerjee Port.
• Sagarmala = ports; Bharatmala = highways; UDAN = regional air connectivity; PM Gati Shakti = integrated planning.
• Damodar Valley Corporation (1948) was India's first multipurpose river valley project.

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8. Practice Set: 50 Multiple Choice Questions

Choose the correct option. The answer key is given at the end.

1. Industries that extract raw materials directly from nature are called
(a) Tertiary industries
(b) Cottage industries
(c) Secondary industries
(d) Primary industries

2. Which of the following is a secondary industry?
(a) Steel manufacturing
(b) Banking
(c) Fishing
(d) Coal mining

3. The tertiary sector is also known as the
(a) Service sector
(b) Extractive sector
(c) Industrial sector
(d) Agricultural sector

4. The three-sector model of the economy was given by
(a) Rostow and Lewis
(b) Marshall and Keynes
(c) Fisher and Clark
(d) Adam Smith and Ricardo

5. A jute mill in West Bengal belongs to which sector?
(a) Tertiary
(b) Quaternary
(c) Primary
(d) Secondary

6. Which of the following is a tertiary activity?
(a) Cement production
(b) Tea plantation
(c) Transport
(d) Coal mining

7. Knowledge-based activities such as IT and research form the
(a) Cottage sector
(b) Primary sector
(c) Quaternary sector
(d) Secondary sector

8. The MSMED Act was enacted in
(a) 2006
(b) 2015
(c) 1991
(d) 2000

9. Under the revised criteria effective 1 April 2025, a micro enterprise has investment up to
(a) ₹1 crore
(b) ₹2.5 crore
(c) ₹5 crore
(d) ₹10 crore

10. Under the revised criteria effective 1 April 2025, the turnover limit for a small enterprise is
(a) ₹500 crore
(b) ₹50 crore
(c) ₹100 crore
(d) ₹250 crore

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11. Under the revised criteria effective 1 April 2025, the turnover limit for a medium enterprise is

(a) ₹1,000 crore
(b) ₹500 crore
(c) ₹250 crore
(d) ₹100 crore

12. Udyam Registration for MSMEs started on

(a) 1 January 2016
(b) 1 April 2025
(c) 1 July 2020
(d) 15 August 2006

13. Industries owned and managed by the government are called

(a) Public sector industries
(b) Joint sector industries
(c) Private sector industries
(d) Cooperative industries

14. Cotton textile and sugar industries are examples of

(a) Forest-based industries
(b) Marine-based industries
(c) Mineral-based industries
(d) Agro-based industries

15. Iron and steel industry is a

(a) Animal-based industry
(b) Forest-based industry
(c) Agro-based industry
(d) Mineral-based industry

16. Industries that produce machines and equipment are called

(a) Capital goods industries
(b) Consumer goods industries
(c) Cottage industries
(d) Service industries

17. Which of the following is a service industry?

(a) Banking
(b) Cement
(c) Sugar
(d) Textile

18. Which feature distinguishes manufacturing from services?

(a) Output is intangible
(b) Production and consumption occur together
(c) No raw material is used
(d) Output is tangible and can be stored

19. Intangibility, inseparability, variability and perishability are characteristics of

(a) Machines
(b) Raw materials
(c) Services
(d) Goods

20. Petroleum refining, where one raw material gives many products, is an example of

(a) Assembling
(b) Analytical manufacturing
(c) Synthetic manufacturing
(d) Cottage production

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21. The Industrial Policy Resolution of 1956 emphasised

(a) Complete private ownership
(b) Removal of all controls
(c) Public sector and heavy industries
(d) Only cottage industries

22. The New Industrial Policy was announced in

(a) 1991
(b) 1948
(c) 1956
(d) 1977

23. The 1991 economic reforms are summarised as

(a) Liberalisation, Privatisation and Globalisation
(b) Licensing, Planning and Growth
(c) Loans, Profit and Gains
(d) Labour, Power and Goods

24. Who was India's first Minister for Industry and Supply?

(a) Dr. Syama Prasad Mookerjee
(b) Dr. B. C. Roy
(c) P. C. Mahalanobis
(d) Jawaharlal Nehru

25. Which Indian economic model was the basis of the Second Five Year Plan?

(a) Lewis model
(b) Mahalanobis model
(c) Harrod–Domar model
(d) Gandhian model

26. IIP stands for

(a) Industrial Investment Plan
(b) Index of Industrial Production
(c) Indian Industrial Policy
(d) Index of Imports and Prices

27. The present base year of the IIP is

(a) 2017-18
(b) 2004-05
(c) 1999-2000
(d) 2011-12

28. The IIP is compiled and released by

(a) NITI Aayog
(b) NSO (MoSPI)
(c) RBI
(d) Ministry of Commerce

29. How many core industries are included in the Index of Eight Core Industries?

(a) 8
(b) 6
(c) 12
(d) 10

30. Which of the following is NOT one of the eight core industries?

(a) Textiles
(b) Coal
(c) Cement
(d) Fertilizers

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31. Which sector has the highest weight in the IIP?

(a) Mining
(b) Manufacturing
(c) Electricity
(d) Construction

32. Economic development differs from economic growth because it includes

(a) Improvement in quality of life
(b) Only more factories
(c) Only rise in GDP
(d) Only rise in exports

33. The Human Development Index (HDI) is published by

(a) WTO
(b) IMF
(c) World Bank
(d) UNDP

34. Rostow's model of growth has how many stages?

(a) Four
(b) Three
(c) Five
(d) Seven

35. When one industry creates demand for inputs from other industries, it is called

(a) Multiplier effect
(b) Forward linkage
(c) Backward linkage
(d) Import substitution

36. Make in India was launched in

(a) 2016
(b) 2014
(c) 2010
(d) 2020

37. Start-up India was launched in

(a) 2016
(b) 2020
(c) 2018
(d) 2014

38. PM Gati Shakti was launched in

(a) 2020
(b) 2021
(c) 2023
(d) 2019

39. The first EPZ in Asia was set up at

(a) Noida
(b) Falta
(c) Santacruz
(d) Kandla

40. The Special Economic Zones Act was passed in

(a) 1991
(b) 2014
(c) 2000
(d) 2005

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41. Which of the following is a physical (economic) infrastructure?
(a) Housing
(b) Hospitals
(c) Power supply
(d) Schools

42. Education, health and housing are examples of
(a) Social infrastructure
(b) Physical infrastructure
(c) Industrial estates
(d) Financial infrastructure

43. The first jute mill of India was set up at
(a) Durgapur
(b) Kharagpur
(c) Rishra
(d) Haldia

44. Haldia in West Bengal is best known for
(a) Jute mills
(b) Port and petrochemical complex
(c) Tea gardens
(d) Silk weaving

45. The Damodar Valley Corporation was established in
(a) 1956
(b) 1948
(c) 1965
(d) 1938

46. Kolkata Port is now officially named
(a) Bidhan Chandra Port
(b) Netaji Subhas Port
(c) Syama Prasad Mookerjee Port
(d) Vidyasagar Port

47. The first metro rail in India started in
(a) Mumbai
(b) Chennai
(c) Kolkata
(d) Delhi

48. Which sector employs the largest share of India's workforce?
(a) Services
(b) Agriculture
(c) Manufacturing
(d) Mining

49. West Bengal is the largest producer in India of
(a) Sugarcane
(b) Jute
(c) Wheat
(d) Cotton

50. Sagarmala Programme is mainly concerned with
(a) Rural housing
(b) Power generation
(c) Highway development
(d) Port-led development

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Answer Key

Q.	Ans	Q.	Ans	Q.	Ans	Q.	Ans	Q.	Ans
1	(d)	11	(b)	21	(c)	31	(b)	41	(c)
2	(a)	12	(c)	22	(a)	32	(a)	42	(a)
3	(a)	13	(a)	23	(a)	33	(d)	43	(c)
4	(c)	14	(d)	24	(a)	34	(c)	44	(b)
5	(d)	15	(d)	25	(b)	35	(c)	45	(b)
6	(c)	16	(a)	26	(b)	36	(b)	46	(c)
7	(c)	17	(a)	27	(d)	37	(a)	47	(c)
8	(a)	18	(d)	28	(b)	38	(b)	48	(b)
9	(b)	19	(c)	29	(a)	39	(d)	49	(b)
10	(c)	20	(b)	30	(a)	40	(d)	50	(d)

Tip: Revise the Quick Facts box at the end of every topic just before the examination. Dates, years, limits and names of schemes are the most frequently asked items.

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