

## **10.PLANT LOCATION STUDIES**

The geographical location of the final plant can have a strong influence on the success of an industrial venture. Primarily the plant should be located where the minimum cost of production and distribution can be obtained, so that a plant can produce the highest return on invested capital. The nature of the process or product often narrows the potential site selection to a relatively few possible areas.

The following factors should be considered in choosing a plant site:

- (1) Raw materials
- (2) Markets
- (3) Transport facilities
- (4) Labour
- (5) Utilities
- (6) Taxation & Legislation.

Raw materials: Plant should be located near the raw - materials source so that the charges of transportation and storage will be considerably less.

Markets: It is highly desirable to be located in or near the market are served, because buyer usually finds it advantageous to purchase from nearby sources.

Transport facilities: Water, railroads, and highways are the common means of transportation used by major industrial concerns. Government regulations concerning freight rates, distances traveled and states through which commodities must be hauled must be carefully investigated.

Labor: The type and supply of labor available in the vicinity of a proposed plant site must be examined.

Utilities: Power and steam requirements are high in most industrial plants and fuel is ordinarily required to supply these utilities. Waste disposal is another prime consideration.

Taxation and legislations: State and local laws concerning sanitary and safety codes may make the plant prohibitively expensive to operate. Sufficient investigation of state and local tax rates on property, income unemployment, insurance, should be done.