

Industrial Economics

★ Chapter 3 ★

Classification of industries

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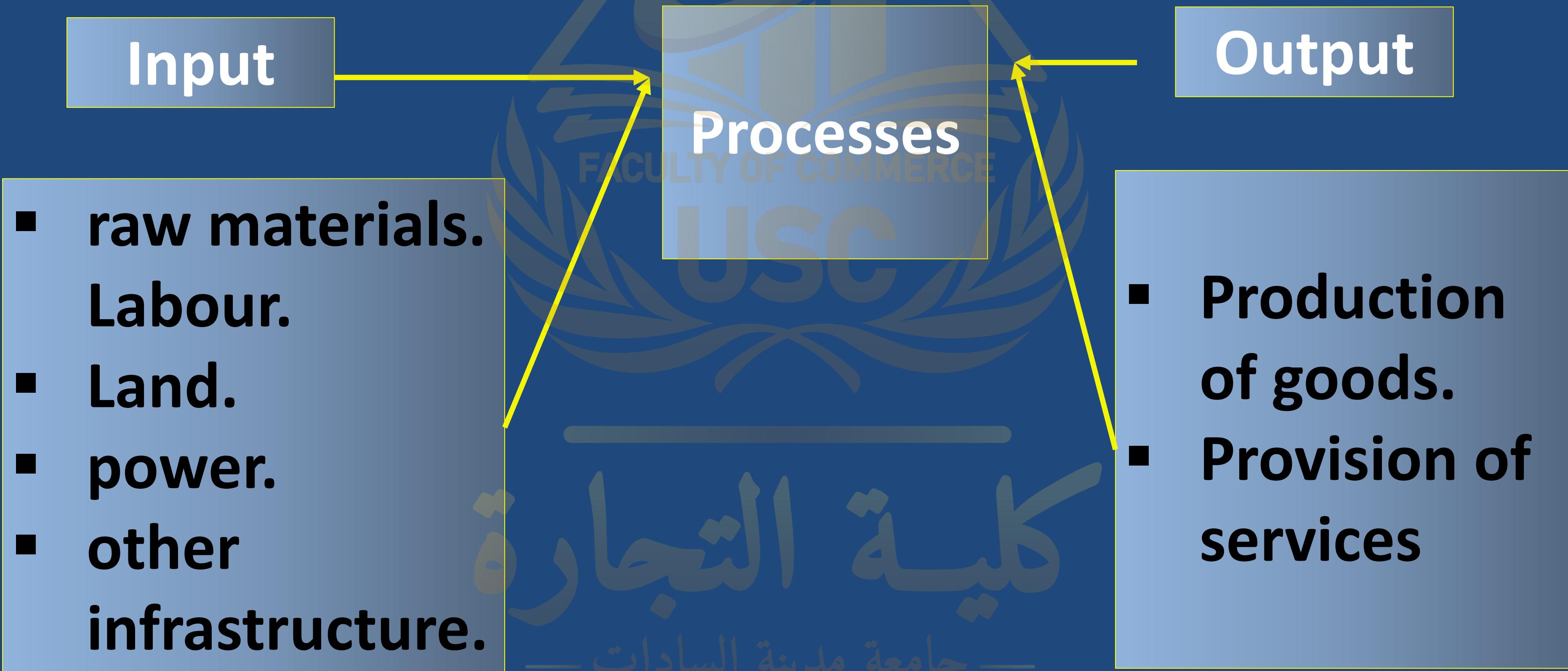
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Q1: Define Industry in details?

- ✓ An industry is a group of organizations involved in producing/manufacturing the same type of product and service.
- ✓ Industries are part of the secondary activity.
- ✓ Secondary activities or manufacturing converts raw material into products of more value to people.

✓ Industrial systems are made up of input, processes, and output.



we can say that Industries are concerned with:

- Production of good (steel)
- Extraction of minerals (coal mining)
- Provision for services (tourism)
- There are also Emerging Industries: ‘Sunrise Industries’

Q2: Discuss Medium and Large-scale industries according to, Definition, Examples, Importance, and Problems?

Definition

- ✓ The industries which produce the goods in large amount by using the improved technology, efficient manpower and more capital

Resource Exploration 

Coal Exploration

Iron Exploration

Oil Exploration

Steel Exploration

Automobile Manufacturing 

Vehicle Manufacturing

Examples
for Large
Scale
Industries

 Metal Industries

 Iron Industry

 Steel Industry

 Textile Industry

 Textile Production



Heavy Equipment

Heavy Electrical Equipment

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Importance of Medium and Large Scale Industries

Import Substitution

Reduces reliance on foreign goods by producing domestically.

Productivity Improvement

Enhances efficiency through labor division and specialization.

Export Promotion

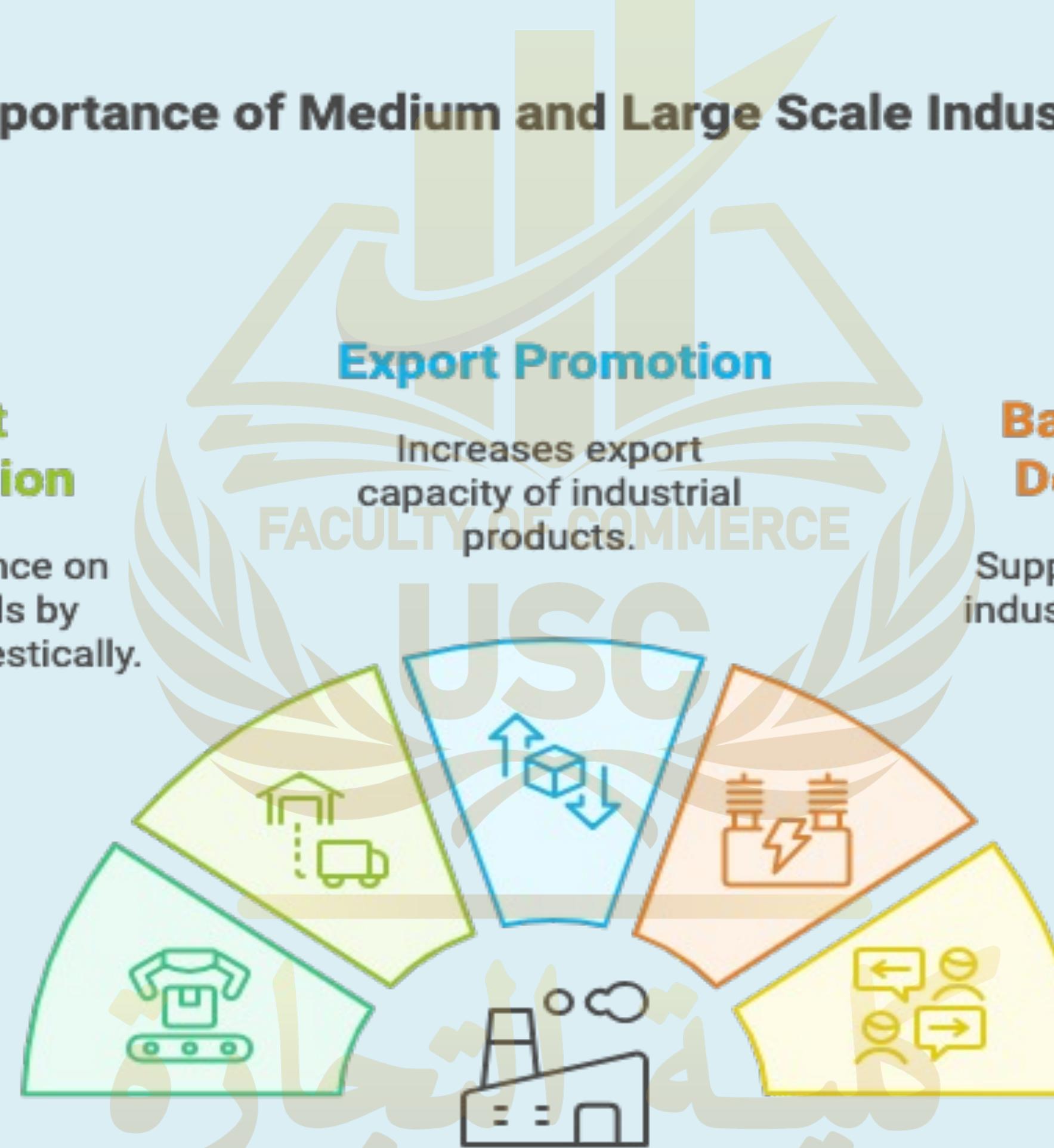
Increases export capacity of industrial products.

Basic Industry Development

Supports foundational industries like steel and cement.

Employment Generation

Creates diverse job opportunities across skill levels.



Problems of Medium and Large Scale Industries

Lack of Energy

Insufficient energy sources like coal and electricity hinder operations.

Lack of Raw-Material

Industries problem due to remote locations of essential raw materials.

Lack of Technical Knowledge

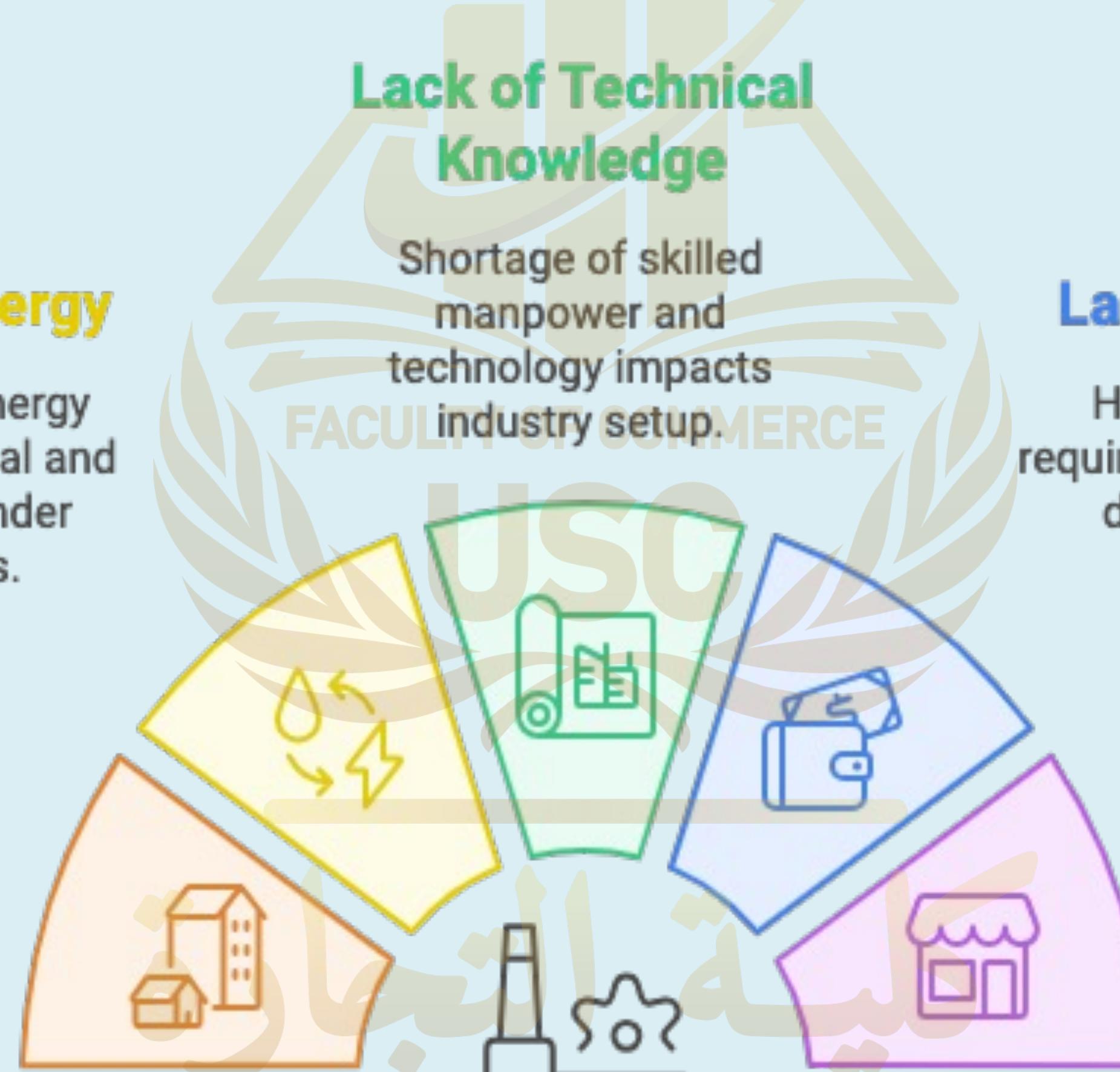
Shortage of skilled manpower and technology impacts industry setup.

Lack of Capital

High investment requirements are unmet due to financial constraints.

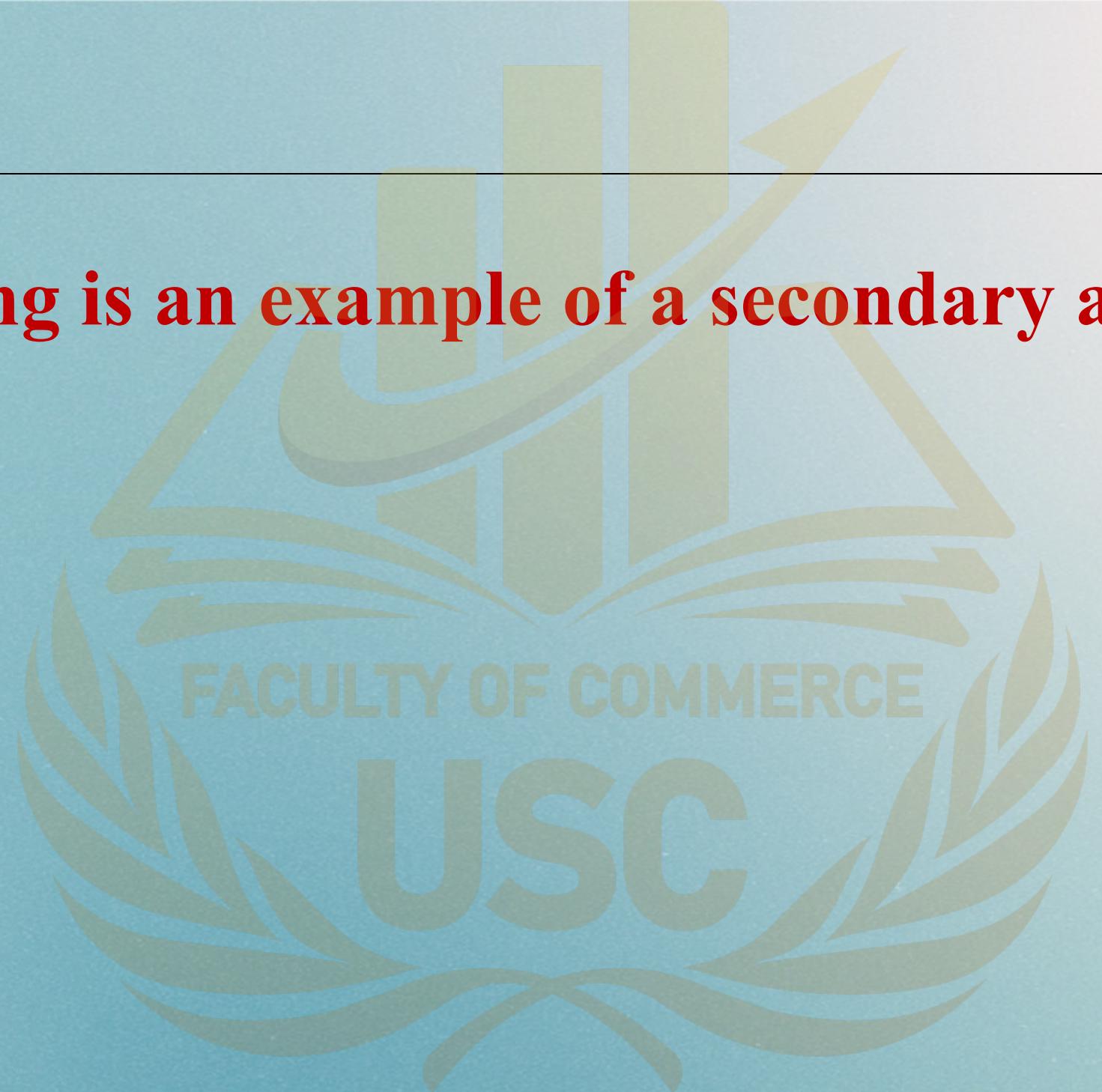
Limited Market

Low purchasing power restricts the market for industrial goods.



1. Which of the following is an example of a secondary activity?

- a. Farming
- b. Mining
- c. Manufacturing
- d. Fishing



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2- What are the components of an industrial system?

- a. Inputs, processes, output
- b. Production, consumption, recycling
- c. Raw materials, products, waste
- d. Services, goods, labor

3. Which industry is classified under large-scale industries?

- a. supermarket
- b. Iron and steel industry
- c. Handicraft industry
- d. Local bakery



4. What is an example of a basic industry?

- a. clothes industry
- b. Iron industry
- c. Tourism industry
- d. Software industry

5. What is a significant benefit of large-scale industries?

- a. Import dependence
- b. Employment generation
- c. Limited market
- d. Technological backwardness



6. What is import substitution?

- a. Exporting goods to foreign countries
- b. Replacing imported goods with domestically produced goods
- c. Increasing imports
- d. Reducing exports

7. What are emerging industries also known as?

- a. Declining industries
- b. Sunset industries
- c. Sunrise industries
- d. Traditional industries

8. Which factor is crucial for the operation of large-scale industries?

- a. Minimal infrastructure
- b. Low capital investment
- c. High level of technology
- d. Limited manpower

9. How do large-scale industries contribute to export promotion?

- a. By importing more goods
- b. By reducing production
- c. By increasing exports of industrial products
- d. By limiting engineering products



10. What characterizes a large-scale industry?

- a. Small infrastructure
- b. Minimal manpower
- c. Influx of capital assets
- d. Limited production capacity

11. How do large-scale industries improve productivity?

- a. By reducing division of labor
- b. By increasing specialization
- c. By limiting technology use
- d. By decreasing manpower

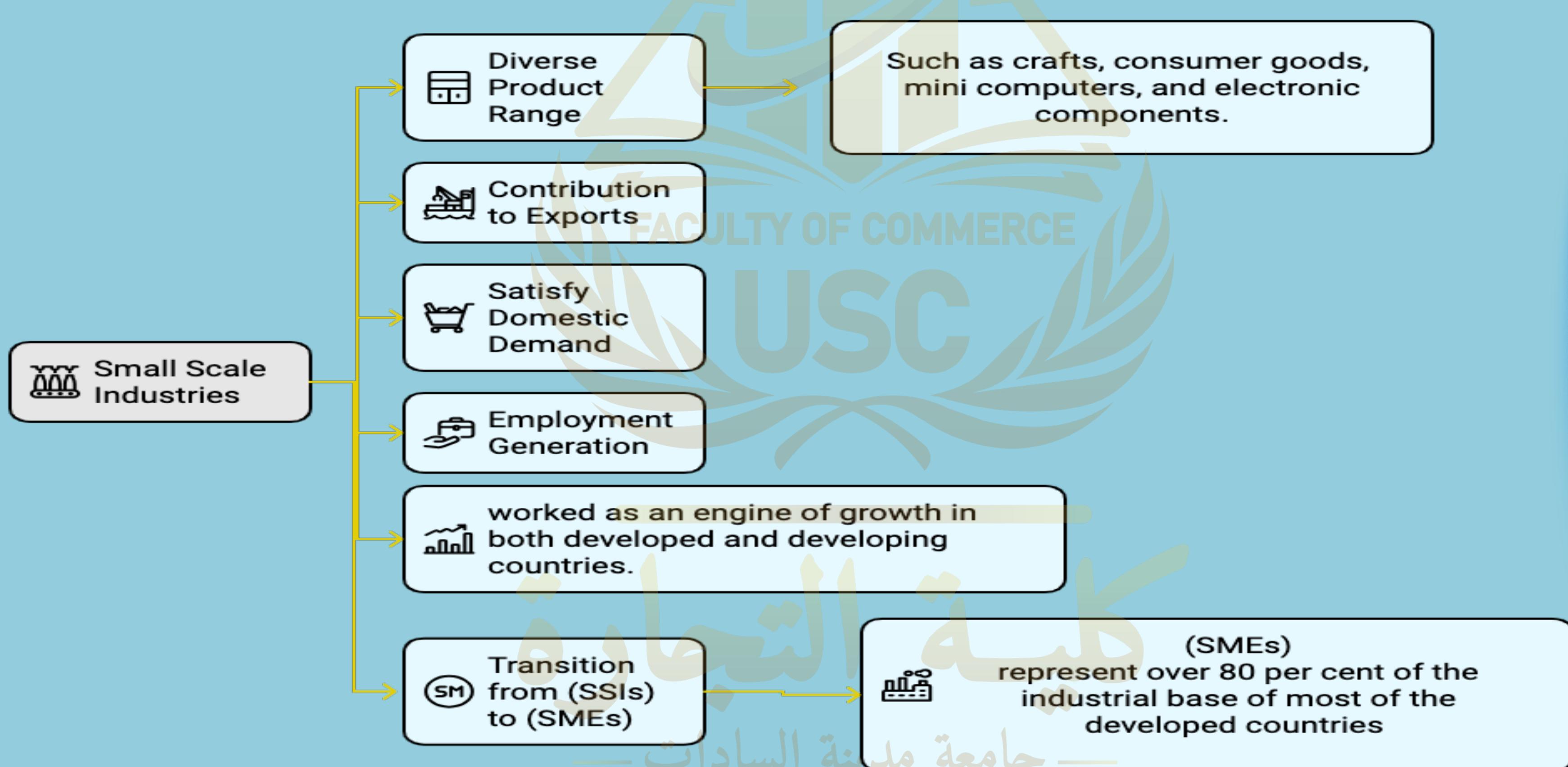


12. Why is the development of basic industries important?

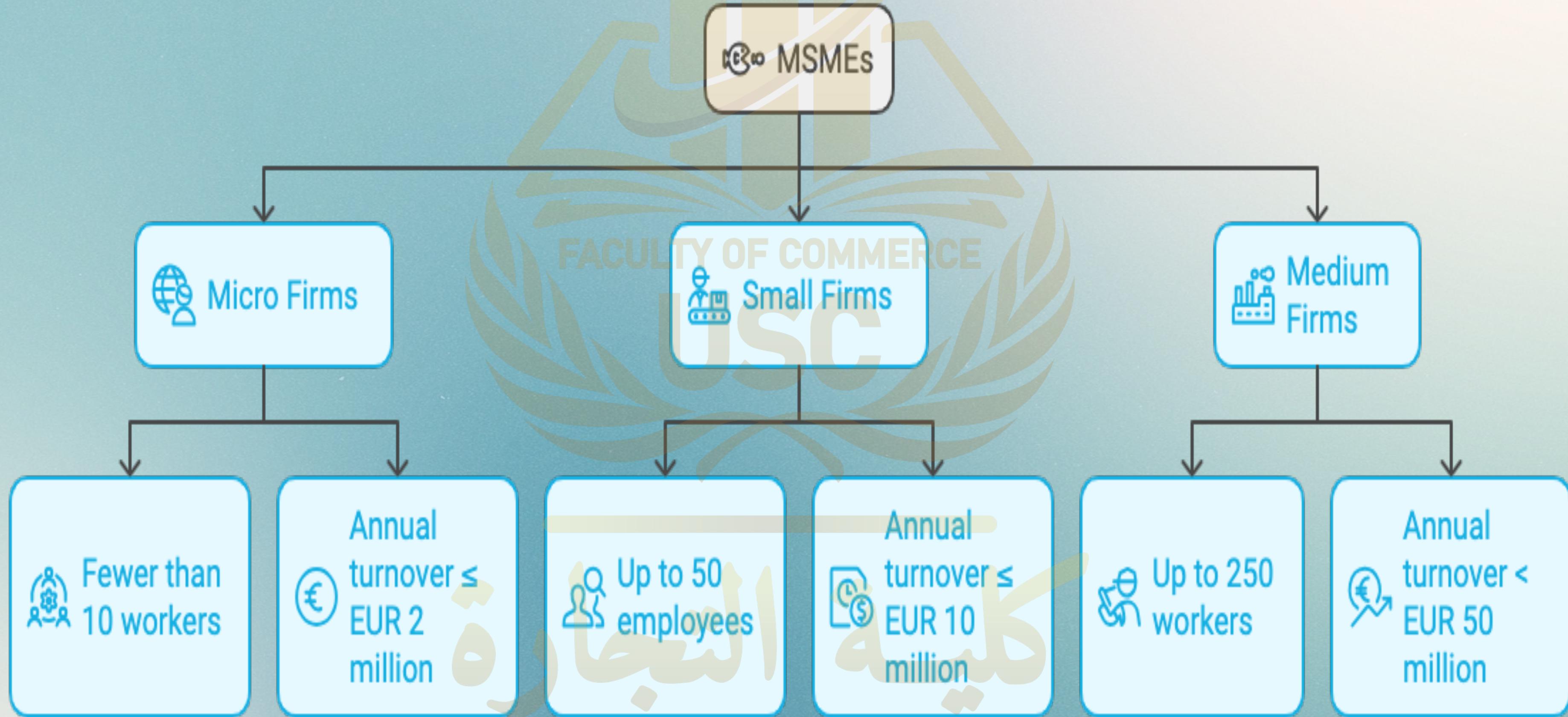
- a. It leads to import dependency
- b. It helps establish other industries
- c. It decreases employment opportunities
- d. It reduces raw material availability

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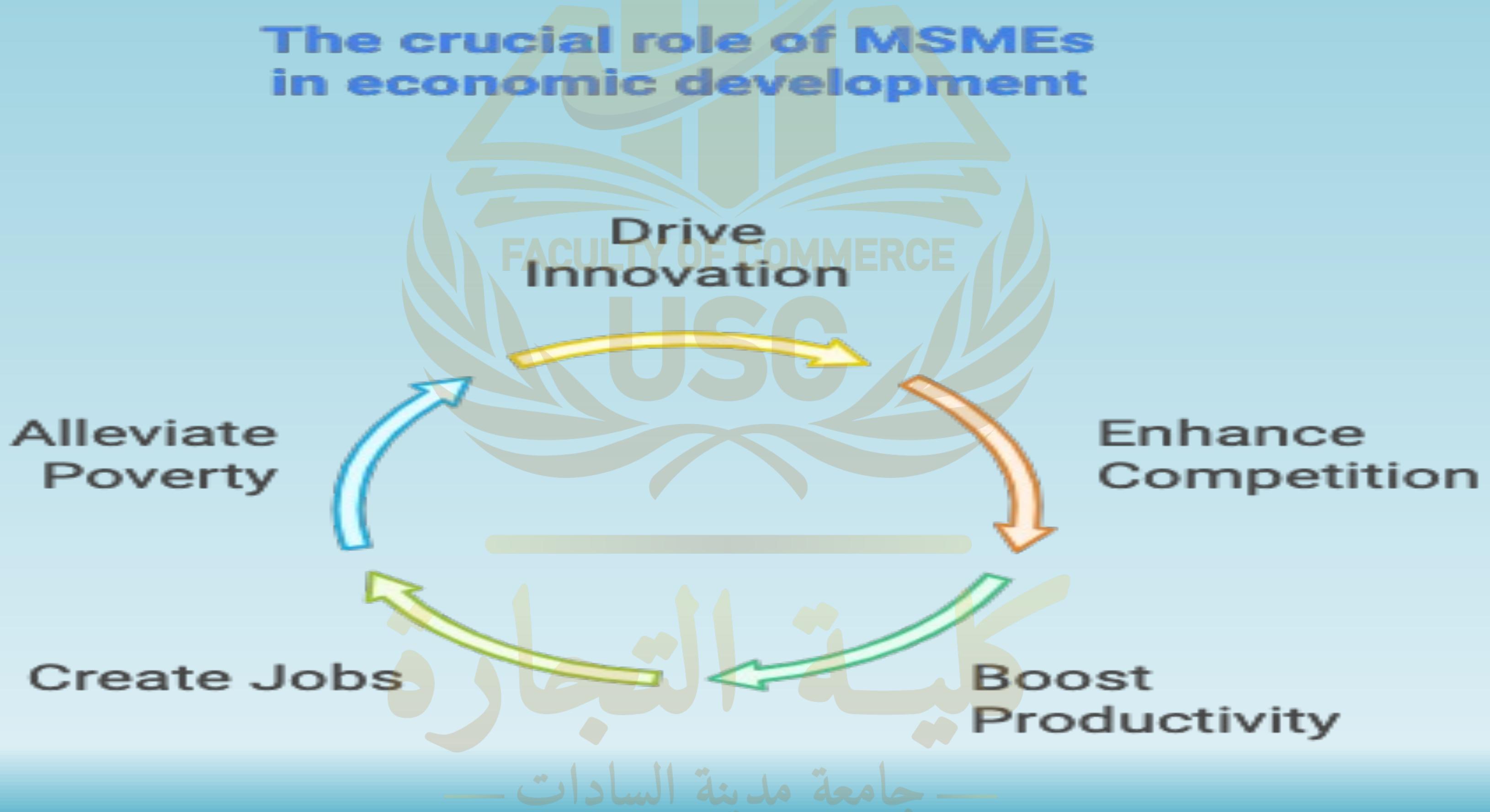
Q3: Discuss the small-scale industries?



Q4: Differentiate between micro small and medium industries (MSMES)?



Q5: What is the role of MSMEs in economic development?



Q6: What is the Structure of the MSME sector in Egypt?

1- SIZE AND SECTORAL DISTRIBUTION OF THE MSME SECTOR:

In Egypt,

- Micro enterprises < 10 employee.
- Small and medium (**between 10 and 200**) employees.
- Large enterprises > 200

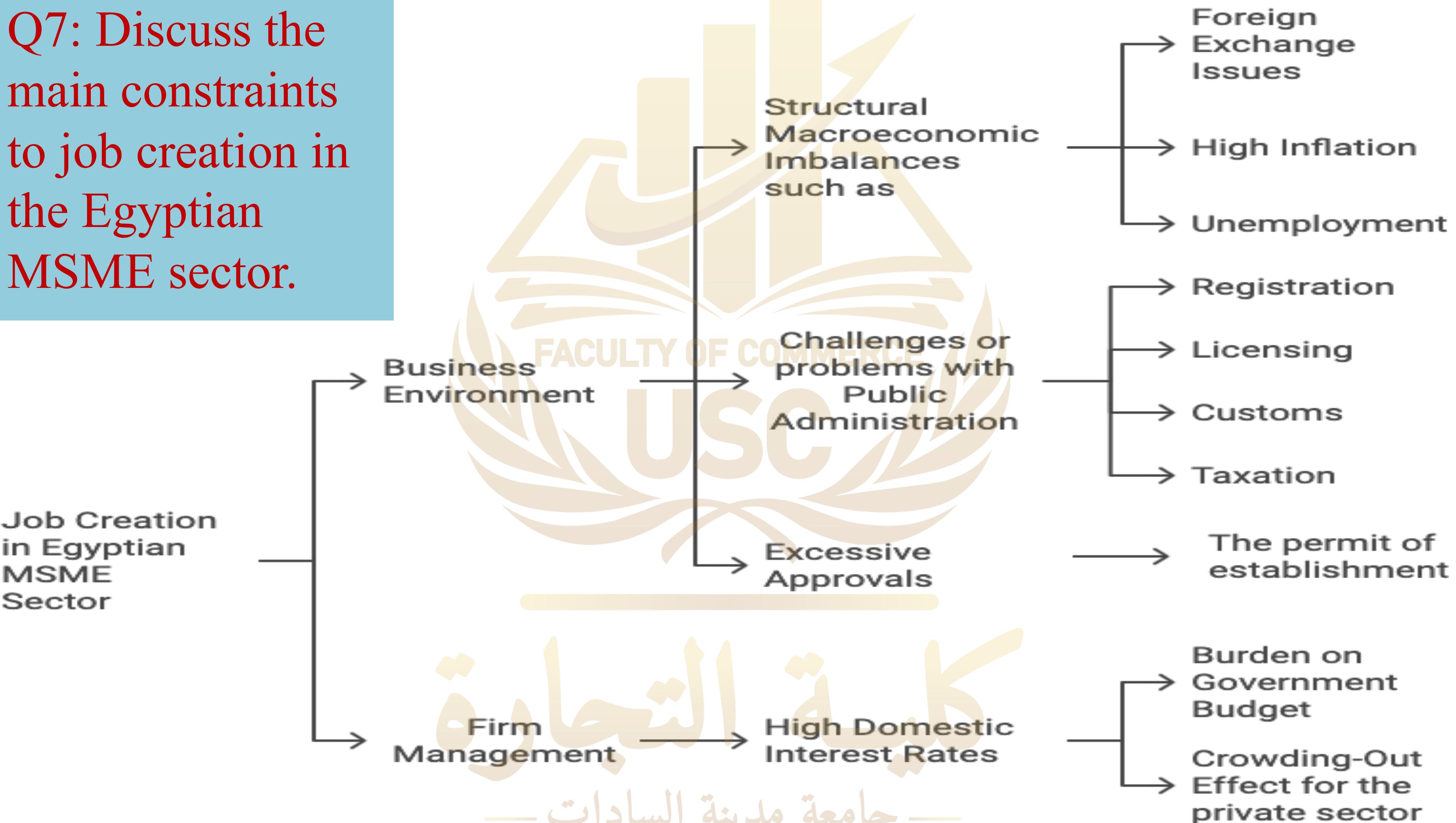
In 2017,

- Micro enterprises constituted approximately **91%** of all firms.
- Small and medium ones around 8% of the total.
- Large firms **less than 1%**.

2- EMPLOYMENT CONTRIBUTION OF THE MSME SECTOR:

- MSMEs are usually more labour than capital intensive.
- MSMEs contribute to nearly **80%** of the national GDP.
- Generating employment in both the formal and informal sectors, providing nearly **75%** of total employment in the private sector.

Q7: Discuss the main constraints to job creation in the Egyptian MSME sector.



Q8: What are the Egyptian institutions involved in the implementation of SME policies?

INSTITUTION	MAIN AIM
General Authority for Investment and Free Zones	<i>Enhancing the investment climate and facilitating the growth of MSMEs through the establishment of a one-stop shop providing a wide range of services for start-ups.</i>
Industrial Development Authority	<i>Assistance and guidance in relation to establishment procedures and registration plans available to investors in the industrial SME sector.</i>
Egyptian Financial Supervisory Authority	<i>MSME promotion through the establishment of microfinance companies offering products and services to the sector.</i>
Central Bank of Egypt	<i>Creating incentives for banks to lend to MSMEs.</i>
Egyptian Banking Institute	<i>Providing a wide range of capacity building services to SMEs and raising awareness among entrepreneurs about methods and standards to access financing.</i>
Social Fund for Development	<i>Providing a safety net to protect vulnerable groups against the adverse effects of economic programmes and enhancing the development of MSMEs.</i>

16. What is a significant contribution of small scale industries?

- a. Limiting exports
- b. Decreasing domestic demand
- c. Increasing exports
- d. Reducing employment

17. Which products are NOT typically manufactured by small and medium enterprises?

- a. Micro-processors
- b. Mini computers
- c. Large construction equipment
- d. Electronic components



18. What percentage of the industrial base do SMEs represent in most developed countries?

- a. 20%
- b. 50%
- c. 80%
- d. 100%

19. What is a major role of MSMEs in economic development?

- a. Reducing innovation
- b. Enhancing competition
- c. Limiting technological change
- d. Increasing unemployment



20. In Egypt, what is the maximum number of employees for a micro firm?

- a. 5
- b. 10
- c. 25
- d. 50

21. In Egypt, what percentage of firms are micro enterprises?

- a. 50%
- b. 70%
- c. 91%
- d. 99%

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24. What is a key constraint to job creation in the Egyptian MSME sector related to the business environment?

- a. Low inflation rates
- b. High foreign exchange reserves
- c. Structural macroeconomic imbalances
- d. High employment rates



25. How do MSMEs contribute to job creation?

- a. By outsourcing jobs
- b. By being labor-intensive
- c. By automating processes
- d. By reducing competition

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26. What percentage of total employment in the private sector do MSMEs provide in Egypt?

- a. 25%
- b. 50%
- c. 75%
- d. 99%

27. What is a negative implication of the Egyptian government borrowing from the domestic financial market?

- a. Increased foreign investment
- b. Higher government budget surplus
- c. Crowding-out effect for the private sector
- d. Increased private sector lending

28. How many employees classify a firm as medium in the European Commission's definition?

- a. Up to 50
- b. Up to 100
- c. Up to 250
- d. Up to 500



29. What challenge do Egyptian MSMEs face with public administrations?

- a. Increased subsidies
- b. Easier registration processes
- c. Complex procedures and approvals
- d. High levels of foreign investment

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30. What role do MSMEs play in poverty alleviation?

- a. Increasing unemployment
- b. Reducing job opportunities
- c. Creating jobs
- d. Limiting economic growth

31. What is the annual turnover limit for a small firm according to the European Commission?

- a. EUR 1 million
- b. EUR 5 million
- c. EUR 10 million
- d. EUR 20 million



Now, Can you test your self ??

Write in the following:

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Q3: Discuss The Small-Scale Industries?

Q4: Differentiate Between Micro Small And Medium Industries (MSMES)?

Q5: What Is The Role Of Msmes In Economic Development?

Q6: What Is The Structure Of The MSME Sector In Egypt?

Q7: Discuss The Main Constraints To Job Creation In The Egyptian MSME Sector.

Q8: What are the Egyptian institutions involved in the implementation of SME policies?



Thank you!

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