

**(b) Divergent lateral combination:**

Divergent lateral integration takes place when a major firm supplies its product to other combining firms, which use it as their raw material. The best example of such combination may be found in a steel mill which supplies steel to a number of allied concerns for the manufacture of a variety of products like tubing, wires, nails, machinery, locomotives etc.

**(iv) Diagonal (or Service) Combinations:**

This type of combination takes place when a unit providing essential auxiliary goods / services to an industry is combined with a unit operating in the main line of production. Thus, if an industrial enterprise combines with a repairs workshop for maintaining tools and machines in good order; it will be effecting diagonal combination.

**(v) Circular (or Mixed) Combinations:**

When firms engaged in the manufacture of different types of products join together; it is known as circular or mixed combination. For example, if a sugar mill combines with a steel works and a cement factory; the result is a mixed combination.

***Forms of Business Combinations:***

By the phrase ‘forms of combinations’, we mean the degree of combination, among the combining business units.

**According to Haney, combinations may take the following forms, depending on the degree or fusion among combining firms:**

**(I) Associations:**

- (i) Trade associations
- (ii) Chambers of commerce
- (iii) Informal agreements

**(II) Federations:**

- (i) Pools
- (ii) Cartels

**(III) Consolidations – Partial and Complete:**

**(a) Partial Consolidations:**

- (i) Combination trusts