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School of Sciences

# BGGET-142
# ECONOMIC GEOGRAPHY


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# ECONOMIC GEOGRAPHY: INTRODUCTION (BGGET-142)

In this last semester Discipline Specific Elective (DSE) course, we will provide a detailed study of Economic geography, which is considered as one of the most dynamic sub-discipline of Human Geography. Economic geography studies the sectoral arrangement of various types of economic activities with a geographical perspective. We mean that like other branches of geography, economic geography also studies the spatial and temporal characteristics and tries to see and unravel the reasons behind the variations across the range of economic activities as well as its regional dimensions.

Quintessentially, economic geography is concerned with study of the diverse kinds of economic activities which entails production, exchange and consumption of myriad of goods and services on Earth. The task of an economic geographer is to study the spatial distribution and variations, trends, features, inter-relationships, resources and constraints alike with respect of varied type of economic activities. Such economic activities tend to differ from one region to another region within one country as well as across developed and developing countries with the help of available knowledge, skills and technology beside other crucial factors. Since last few decades prominently post 2000, the subject matter its concepts, approaches and methods has undergone remarkable changes. It has acquired new roles and importance especially related to the doctrines of planning and development of a place, region or administrative unit.

This course is divided into five blocks and each block is further sub-divided into two to four units. In total, there are five blocks and eighteen units dealing with diverse aspects and components of economic geography.

**First Block** has been dedicated to the diverse aspects of Introduction to Economic Geography. It contains four units and deals with the Scope and Approaches, Concepts in Economic Geography, Economic Activities; and finally with the Economic Development and Disparities.

**Second Block** has been dedicated to the resources. It contains four units and deals with the concept and classification, natural resources, minerals and energy and finally with the diverse traits and characteristics of human resources.

**Third Block** has been dedicated to the primary sector. It contains four units and deals with the agriculture, animal husbandry and fishing, forestry and finally minerals and mining activities.

**Fourth Block** has been dedicated to the secondary sector. It contains four units and deals with the industry and manufacturing, agro-based industries, minerals and energy based industries and finally factors of industrial location.

**Fifth Block** has been dedicated to the tertiary sector. It contains two units and deals with commercial activities and services along with transport flows and networks.

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# ECONOMIC GEOGRAPHY

BLOCK

1

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**Acknowledgement:** Dr. Vishal Warpa for designing the cover page and Mr. Anil Kumar for word processing. Special thanks to Survey of India and other sources for providing maps/diagrams for educational purposes. Should any infringement and errors have occurred, the publishers and editors apologize and will be pleased to make the necessary corrections in future editions of this book.

October, 2022



**ISBN : 978-93-5568-746-3**



*Further information on the Indira Gandhi National Open University courses may be obtained from the University's office at Maidan Garhi, New Delhi-110 068 or the official website of IGNOU at www.ignou.ac.in. Printed and published on behalf of Indira Gandhi National Open University, New Delhi by Director, SOS, IGNOU.*

Printed at: Raj Printers, A-9, Sector B-2, Tronica City, Loni (Gzb.)

# BGGET- 142
# ECONOMIC GEOGRAPHY

# BLOCK 1: INTRODUCTION TO ECONOMIC GEOGRAPHY

Economic geography is considered as the most dynamic and developed sub-discipline of Geography, particularly human geography. Like other allied branches of Geography, it is also practiced and based upon certain definite approaches and concepts. These two together provides a kind of navigation tool, or in other words, we can say eyes to observe the diverse and complex sorts of economic activities being practiced over varied range of geographical realms of the world. It deals with the ever-growing and changing patterns and types of production, distribution and consumption related economic activities.

Each of the geographical realms is further arranged into different kinds of political and administrative units at various scales. Broadly, these are of two types, viz., urban and rural areas. Each type is endowed with different set of resources including both natural and human coupled with constraints alike. You know that resources set the stage for charting the course of development, which in turn gets influenced by host of other factors. Such factors may be institutional, infrastructural, financial, labour and technological depending upon the type of area whether rural or urban, developed or developing, mountains, plains and desert or coastal environment etc. Besides these factors, role of knowledge has taken a pivotal position, as to how best an area can be developed to take vantages from the available resources. A geographer not only studies the pattern of such economic activities, but also helps to unravel and comprehend the reasons of variations in a cause-and-effect relationship.

First Block is divided into four Units, which deals with the introduction to economic geography.

**Unit 1 Scope and Approaches**

In first Unit of this course, you will learn about the definition, scope, and approaches of economic geography. A brief about the economic geography and its relation with allied disciplines has also been described.

**Unit 2 Concepts in Economic Geography**

Second Unit is devoted to the study of concepts in economic geography, which forms the backbone of this most dynamic and developed branch of Human Geography. You will study many diverse concepts including spatial division of labour, geographic fixity and mobility along with spatial interaction and diffusion.

**Unit 3 Economic Activities**

Third Unit is centered on the diverse range of economic activities being carried out by the human societies since time immemorial. You will get an idea about the classification as well as myriad types of economic activities.

**Unit 4 Economic Development and Disparities**

Fourth Unit deals with the outcome, which is believed to arise from the peculiar set of economic activities and their characteristics. It is related to the economic development and disparities.

Our best wishes are always with you to complete this final semester course of your Bachelor's programme successfully.

UNIT 1

# SCOPE AND APPROACHES

## Structure



## 1.1 INTRODUCTION

In fifth semester course, you have studied and learnt about Geography of India. In this last semester Discipline Elective Course (DEC), you will study and learn about the different facets of Economic Geography as one of the most dynamic sub-discipline of Human Geography. It is concerned with study of the spatial human activities on Earth that can be divided into two categories. The first category activities include all those necessary activities which are crucial to maintain the existence of human beings on Earth, such as obtaining food, making clothes, constructing dwellings and transportation, etc. After fulfilling their basic needs, human beings perform activities that bring economic benefits. Such activities includes farming, setting up manufacturing industries, trade and commerce, etc. For example, man does not grow food for his sustenance but earns some profit by selling the surplus produce. This is how goods are exchanged because the resources and productivity of all human beings tend to differ across the cultures as well as from one place to another place across the geographical realms on planet Earth.

All those activities carried out to earn a livelihood are the subject matter of human geography. In contrast, those activities done to make a profit are related to economic geography. Therefore, the most significant part is to understand human behaviour. For example, food gathering is a process to obtain a living, while selling fruits for profit is economical. Similarly, building one's own house is an individual resource, whereas producing and selling building materials is economical. In this way, all the work human beings do to increase their prosperity and quality of life is included under the subject matter of economic geography.

The main objective of Economic Geography is to examine human's economic achievements in production and consumption in the light of his environment. In this beginning Unit of sixth semester course, we will mainly focus on the definition and scope of Economic Geography as discussed in Sections 1.2 and 1.3. In Sections 1.4 and 1.5, this Unit will further throw a nuanced focus onto the different approaches, recent developments and relation of economic geography with Economics and other allied disciplines.

## Expected Learning Outcomes

After completing the study of this unit, you should be able to:

- discuss the various definitions of Economic Geography;
- explain the nature, scope and approaches of Economic Geography;
- explore the recent developments that have occurred within the discipline; and
- relationship between Economic Geography with Economics and allied disciplines.

## 1.2 DEFINITIONS

Economic Geography is the study of man and his economic activities under varying conditions. Consequently, different scholars have given numerous definitions to understand the meaning and scope of the subject. Moreover, various institutions have defined Economic Geography in a variety of ways. Nonetheless, their views unite at one collective aim, i.e., the study of spatial distribution of man's economic activities concerning its environment, including both physical and non-physical environment. Some of them have been discussed here:

Economic geography is concerned with the similarities and contrasts in how individuals live from place to place (R.E. Murphy). Economic geography is concerned with productive professions and aims to explain why specific locations excel in the manufacture and exportation of certain goods while others are important in the importation and usage of goods (C.F. Jones). Economic geography studies human economic activities concerning Earth as his home (F. Buchanan). For MacFarlane, Economic Geography studies man's economic activity influenced by physical environment. The physical environmental conditions lead to different spatial relations, making each region different.

According to Dudley Stamp, economic geography entails considering geographical and other elements that impact human productivity, but only to a limited extent in production and commerce. According to E.W. Zimmermann, Economic Geography is concerned with man's economic existence in connection to the environment. In his book '*The Geography of Economic Activity* (1962)', Thoman defines Economic Geography as investigating people's production, trade and consumption of goods in various parts.

In the words of Hartshorne and Alexander, the study of geographical variation on the Earth's surface of activities connected to the production, exchanging and consuming commodities and services is known as economic geography.

The objective is to construct generalisations and theories for these spatial variances. It is a field of inquiry that has traditionally followed economics, focusing less on reproduction than on consumption, production and exchange (Knox and Agnew, 1998).

Economic Geography is a sub-discipline of geography which is concerned with the spatial configuration of firms, industries and nations within the emerging global economy, which are all its manifestation (Clark Feldman and Gestler, 2000). Economic Geography is the study of how economic activities are stretched over the Earth's surface at various spatial scales, ranging from the local to the global, and how they change over time and space (Encyclopaedia of human geography, B. Warf, 2006). Economic Geography is a sub-field of human geography that describes and explains the varied spaces and places where economic activities occur (Dictionary of Human Geography, 2009). Economic Geography is a systematic study of the economic resources and their utilisation within limits set by the physical, economic, and social environment. Therefore, in simple terms, it can be defined as under:

*"It is an inquiry into the production, exchange, and consumption of goods by people in different areas of the world."*

SAQ I

Briefly explain economic geography.

## 1.3 SCOPE AND NATURE OF ECONOMIC GEOGRAPHY

Human beings satisfy not only their physical needs but also their cultural needs. These inclinations and intentions of the human mind have led to the exploitation of Earth's resources in several ways down from the days of Palaeolithic society till the present time, but always within certain limits imposed by nature. Therefore, studying the manner of exploitation of the Earth's resources and the limits set by the physical environment is proper scope of Economic Geography. Furthermore, it deals with productive occupation. It attempts to explain why certain regions are outstanding in producing and exporting various articles and why others are significant in importing and utilizing these resources.

In the present times, none of the modern countries of the world are self-sufficient. Therefore, civilised humans depend a lot on the supplies of faraway regions giving rise to commerce. So, one can say that the primary purpose of Economic Geography is to study how trade and commerce are related on the surface of the Earth on which human beings transact. Economic Geography also aims at resolving resource-related problems by better and efficient utilisation of limited resources through rational, systematic scientific and long-term planning. Humboldt, a famous 19$^{th}$ Century German Geographer, remarked that diversified reserves of the Earth are a vast source of human enjoyment. Therefore, man's highest development requires that we put these

riches into a shared world stream of understanding and use, and this can only be achieved through the study of economic geography.

According to Ellsworth Huntington, Economic Geography is the study of all those kinds of materials, resources, activities, institutions, customs, capacities and abilities that contributes to some work to earn a livelihood. Economic geography embraces all geographic conditions affecting production, transport and commodities. Its chief use is to form some reasonable estimate of the future course of commercial development to provide a credible projection of the future trajectory of commercial development based on geographical considerations (Chisholm, 1908). It is a field that encompasses international economies, industrial organisation, business strategy and innovation (on one side) while being sensitive to how theoretical perspectives drawn from those traditions are affected and shaped by an appreciation of the persistence of geography on the other side (Figures 1.1 and 1.2).

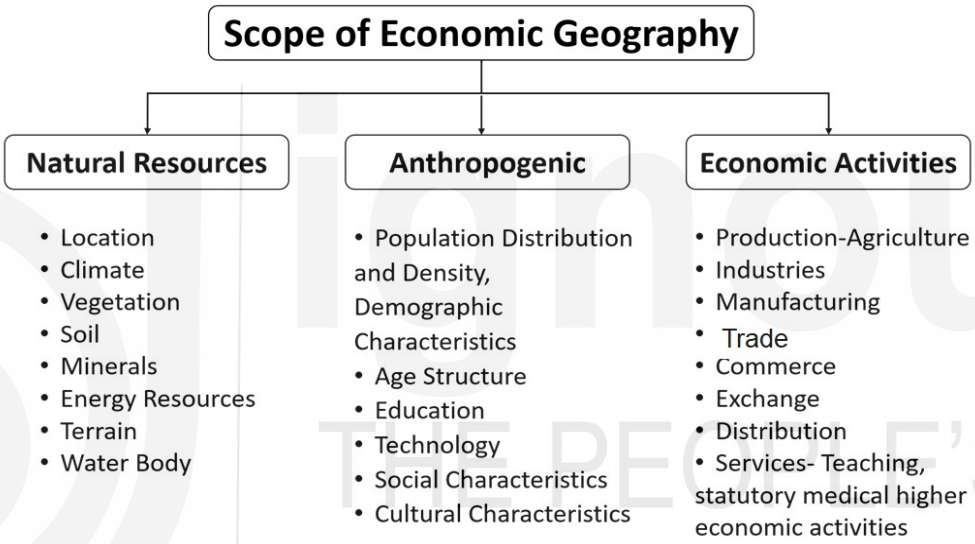


**Fig. 1.1: Scope of Economic Geography.**
(Source: Modified from Gautam, A. 2013. *Elements of Economic Geography*, Allahabad)

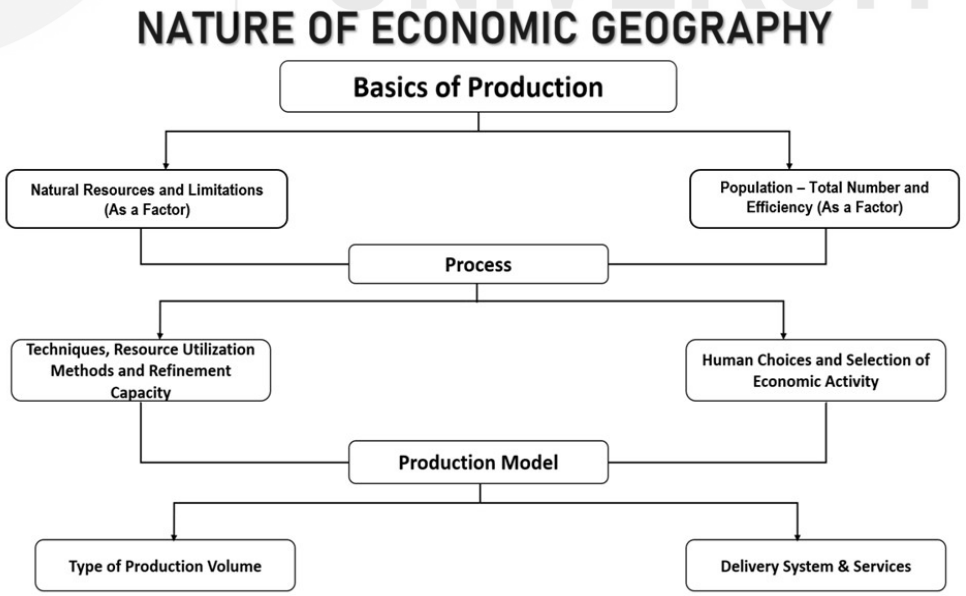


**Fig. 1.2: Nature of Economic Geography.**
(Source: Modified from Gautam, A. 2013. *Elements of Economic Geography*, Allahabad)

The word economic pertains to all the activities in which human beings engage into production, exchange and consumption of value items. The scope and method of economic geography has been defined in terms of the following three questions:

**Q 1.) Where is the economic activity located?**

- Because location is the most fundamental geographical fact.
- The idea of pattern or distribution facilitates in grasping the concept of location.
- Area: the distinctive portion of the Earth's surface.

**Q 2.) What are the characteristics of economic activity?**

- Deals with the description or characteristics of the concerned activity. However, one must go beyond these matters and search out the significance of the location and characteristics of the regions under study. For this, the economic geographer asks the third question, i.e.

**Q 3.) To what other phenomenon is the economic activity related?**

- There are four ways to investigate relationships. These are:

a) Cause and effect relationships.

b) Physical and cultural relationships: to analyse the relationship between the animate and inanimate features.

c) Internal and external relationships: to analyse the relationship between spatial variables to consider those that involve features within a region and those that links the region to other regions.

d) Analysis of correlation.

- Most recent
- Employs statistical techniques to measure the relationship between geographic items.

To these questions, later studies have added two inquiries:

**Q 4.) Why is the economic activity located where it is?**

**Q 5.) Where is the economic activity located?**

- The answers expected to questions 1-3 are descriptive ones.
- Questions 4 and 5, however, introduce a normative dimension; it is concerned with finding the best or most efficient solution to whatever the economic problem happens to be. But it depends on the assumption of economic rationality of a decision-maker who is an economic man with perfect knowledge and a perfect ability to make best possible use of the knowledge.

A fair study of economic geography necessitates a critical examination of natural, human, and cultural resources in various world regions, their regional combination, and the resulting impacts in resource construction and usage activities (Guha and Chattoraj, 2002).

# 1.4 APPROACHES AND RECENT DEVELOPMENTS

Economic geography makes a comparatively humble and integrated approach. The dynamic approach in economic geography has brought a shift in emphasis from physical to social environment. It describes a country or region in terms of its natural, human, and cultural environment concerning man's economic way of life. The nature of the geo-economic problems is somewhat complex and varied. Their scientific treatment bristles with difficulties. Such issues can, however, be suitably discussed by the following approaches:

## 1.4.1 Traditional Approaches

### Regional or Spatial Approach

This method forms the basis of regional similarities and differences. The regional approach in economic geography examines the economic conditions of particular regions or countries of the world. The unit of study can be a natural region or a political region as the data for political units is readily available. It deals with economic rationalisation as well as local economic development. It also focuses on building theories about spatial arrangement and distribution of economic actions. According to Peter Haggett, the regional or spatial approach amalgamates regional and economic geography. Therefore, it provides a greater understanding of diverse unit sections and their relationships with one another and within.

### Systematic or Commodity Approach

This method was initially started concerning the geographical environment of human activities. Chisholm described producing, transferring and exchanging goods based on producing countries. The description of New Zealand's animal husbandry industries by Buchanan (1935) is the best example of a systematic method. According to Wise, systematic economic geography attempts to bridge the gap between geography and economics. This method describes and interprets the global distribution pattern of a product (wheat), an industry (cotton textile industry), or a human occupation in an organised way (fishing). It examines the entire course of their growth and detects whether they are progressing or regressing.

### Principles Approach

This method emphasizes the study of the effect of natural environment on human activities taking place in different parts of the world. Human actions are governed by some fundamental principles applicable in every world region. One may generalise the distribution of economic activity by following these principles. The extraction of resources (coals, iron ore or diamonds), the localisation of industries (metal fabricating or textile industries), and commodities trading are all founded on some fundamental concepts. Von Thunen's theory of agricultural land use is the best example of this method.

### Resource Utilisation Approach

This method emphasizes using technology as the basis for a regional organisation. Variation in the economic landscape is found only because of the diversity in the use of technology. The prime objective of this approach is to make a proper understanding of functions and operations of resources in the aspects of economic development of a country. It enables us to understand the nature, behavior and function of primary resources to make plans for sustainable usage of resources.

### Temporal Approach

It examines the history and development of the spatial economic structure. Historical data helps to study how centres of population and economic activity shift, what regional specialisation and localisation patterns evolve and what factors explain these changes.

### Behavioural Approach

The behavioral approach examines the cognitive processes underlying spatial reasoning, place decision making and behavior of firms and individuals. Its use in economic geography is frequently increasing. The study of decision-making processes is an essential aspect of economic geography. Problem-solving and behavioral decision-making are two types of decision-making relevant to economic geography, with outcomes such as new sites for stores, farms, or industries. Consumer behavior, mobility or travel behavior and other similar research are also relevant.

### Activity Approach

It seeks to categorize economic activities into Primary, Secondary and Tertiary categories. Here, the word economic pertains to all the activities that men engage in the production, exchange and consumption of value items.

### Classification of Economic Activities

#### A. Production of Economic Items

#### 1. Primary

Agriculture, forestry, fishing, hunting, collecting and mining are primary activities. These functions are almost inextricably linked to the natural world.

#### 2. Secondary

Activities that turn primary goods into more useable ones are classified as secondary activities. Secondary activity encompasses all sectors of the industrial industry.

#### 3. Tertiary

Tertiary activities arose from the need to link primary and secondary activities, such as transportation and trade. These are performing services like repair, banking, teaching and entertainment.

#### B. Exchange

#### 1. Location

a. Increasing the values of commodities by changing their location (freight transportation).

b. Satisfying the need of people by changing their location (passenger transportation).

**2. Ownership**

Increasing the value of commodities by changing their ownership (wholesale and retail trade).

**C. Consumption**

(Final stage in the economic sequence)
Use of commodities and services by human beings to satisfy their desires.

**System Analysis Approach**

System analysis is an approach or methodology rather than a philosophy or a scientific paradigm. It is an analytical technique or thought that could add to the understanding or elucidation of complex structures, not a generalised theory. The scope of economic activities includes a system of many tangible and intangible elements. These factors affect the economic organisation on a larger scale. Complex interactions between components and conditions sometimes give rise to adverse conditions like economic slowdown and environmental pollution. Currently, much importance is being given to the system analysis method. Economic geographers use the system idea to better grasp the component aspects of a given section of reality and the relationships between them. Such a term emphasizes the study of both the whole and the components. As a result, the global economy may be viewed as a collection of interconnected pieces and sub-systems.

**The Regulation Approach**

Another strand of Marxist-informed research that was very influential in economic geography during the 1990s is the regulation approach, derived from the work of a group of French economists in 1970s. The regulation approach stresses the critical role that broader processes of social regulation play in stabilizing and sustaining capitalist development. These more comprehensive regulation processes find expression in specific institutional arrangements that mediate and manage the underlying contradictions of the capitalist system expressed in the form of periodic crises and enabling renewed growth to occur. Regulation is focused on five key aspects of capitalism in particular: labor and the wage relation, forms of competition and business organisation, the monetary system, the state and the international regime (Boyer 1990).

**Institutional Approach**

In economic geography, Ron Martin (2003) has emphasized the need for an institutional perspective. He claims that structure and growth of the economic environment cannot be adequately comprehended without paying close attention to the different social institutions that support and influence economic activity. To put it another way, economic activity is socially and institutionally situated. It cannot be explained solely in terms of individual motives but rather as entangled in larger structures of social, economic and political rules, procedures and conventions. An institutional approach to

economic geography focuses on the role of these structures, both official and informal.

## 1.4.2 Recent Developments

In recent years, economic geography has become a crucial area of innovation in the social sciences and an essential reference point in the debate about the processes of global economic change, innovation, finance and the future of whole cities and regions.

Economic geography became a wide-ranging multi-disciplinary field in the post-World War II and Great Depression periods. It came to be seen as a peculiar mix of concepts, methods, cultural conventions, human interest, practices and empirical concerns that makes it fully continuous ontologically with all other concrete social or historical phenomena.

By late 1950s, the sub-discipline had become more open for aggressive affirmation backed up by emerging quantitative methodologies. Moreover, the long postwar boom in North America and Western Europe brought a significant expansion of the Fordist mass-production industry and the emergence of modern consumer society, accompanied by a complex and deepening system of spatial disparities. Thus, regional science and spatial analysis tended to merge to form an intellectual amalgam focused on identifying the regularities of the space economy. Over the next decade, economic geographers produced a body of writing of exceptional methodological sophistication and academic quality on virtually every conceivable aspects of how space and markets interact to produce urban and regional development patterns.

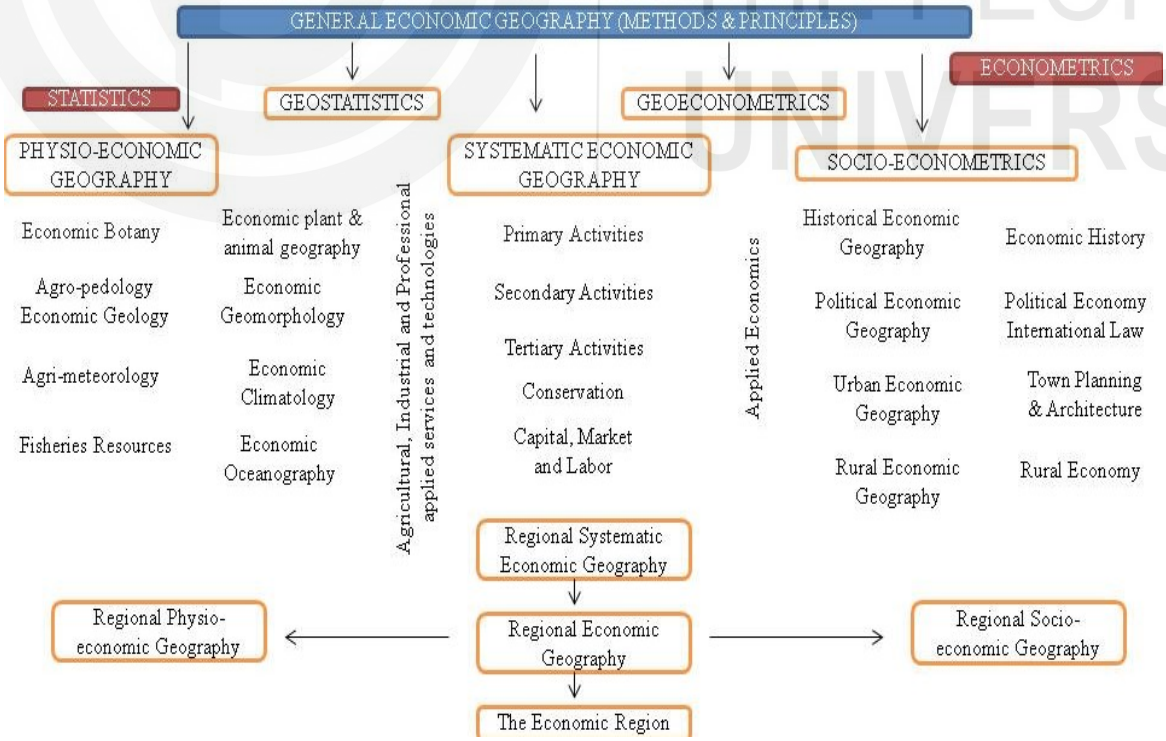


**Fig. 1.3: Framework of Economic Geography in the Post World War Periods.**
(Source: Adapted from Webb, M.J. 1961. Economic Geography: A Framework for a Disciplinary Definition, Economic Geography, Vol. 37, No. 3, p. 255)

## The New Economic Geography

Historically, economists have not been very interested in geography, viewing it as somewhat irrelevant to their goal of understanding the general working of the economy. However, it began to change in the early 1990s as the prominent economist Paul Krugman started to apply economic methods and tools to analyse economic geography topics. Krugman termed this new approach as 'new economic geography (NEG). Although, many economic geographers argued that it should more accurately be called the 'new geographical economics' as it represented a new form of geographically oriented economics. The field has multiplied as it has attracted many economists to apply mathematical modeling techniques to pertinent questions of uneven development, industrial location and urbanisation.

For Fujita and Mori (2005), the New Economic Geography is a new branch of spatial economies, which aims to explain the formation of a large variety of economic agglomeration in geographical space using a general equilibrium framework. It is an analytical framework initiated by Paul Krugman in the early 1990s. The NEG had the following characteristics:

- General equilibrium modeling - of an entire spatial economy.
- Increasing returns of indivisibilities - at the level of individual producer or plant, which is essential for the economy not to degenerate into backyard capitalism (in which each household or small group produces more items for itself) and leads to imperfect competition.
- Transport costs - which makes location matter.
- Locational movements of productive factors - consumers are the prerequisite for agglomeration.

Three classes of models in the NEG include the following:

- Core-Periphery models (Kurgman)
- Regional and urban system models
- International models

### Core-Periphery Model

- Provides a basic introductory framework for the NEG.
- Illustrates how the interaction among increasing returns at the level of the firm, transport costs and factor mobility can cause the spatial economic structure to emerge and change.
- Likely to occur:

a) When the transport cost of the manufacturers is low enough.
b) When verities are sufficiently differentiated.
c) Or when the expenditure on manufacturers is large enough.

### Regional and Urban System Models

- Focus on the spatial co-ordination of agglomerations (i.e., size, number, spacing and inter-industry spatial co-ordination) while abstracting from the internal spatial structure of agglomeration.
- "Race-track Economy" model by Krugman.

In the above two types, factor mobility is the crucial element in nesting agglomeration.

**International Model**

- A way to study the impact of internal trade in internal geography.
- An increase in the access to foreign markets right weakens core-periphery patterns within developing economies.

**New Approaches in Economic Geography**

A new set of approaches have emerged in economic geography since the early 1990s, emphasizing the cultural, institutional and evolutionary foundations of economic processes. These approaches derive theoretical inspiration from various sources including postmodernism, post-structuralism, cultural studies, anthropology, economic sociology, institutional and evolutionary economics. They have directed attention to questions of difference, embeddedness, evolution and practice previously marginalised and neglected aspects within economic geography. These 'new' approaches remain distinct from the NEG by emerging within the sub-discipline of economic geography proper rather than economics. To a considerable extent, these 'new' approaches in economic geography have been defined against the 'old' economic geography of spatial analysis and Marxian political economy.

**A Political Economy Approach**

Political economy analyses the economy within its social and political context, rather than seeing it as a separate entity driven by its own set of rules based on individual self-interest. It is concerned not only with the exchange of commodities through the market but also with production and the distribution of wealth between the various sections of the population (Barnes 2000). This focus on questions of production and distribution and production and exchange (markets) distinguishes political economy from much of mainstream neoclassical economics. The geographical political economy approach brought analytical power as a framework for understanding the evolution and restructuring of the capitalist economy, particularly in increasing globalisation, associated processes of uneven development and the implications for urban and regional economies (place). Since 1970s, economic geographers have sought to apply a political economy framework to geographical questions such as regional development and urban restructuring. It has given rise to what the economic geographer Eric Sheppard (2011) terms geographical political economy (GPE) defined by three key characteristics. First, capitalism is just one way of organizing the economic activities of society rather than being historically inevitable or natural. Second, geography is not passive or external to the economy but is actively produced by the process of economic development, leading to the periodic restructuring of urban and regional economies. As a result, new forms of economic activity give rise to new growth regions, alongside the decline of older industrial regions. Third, economic processes must consider parallel bio-physical, social and cultural processes such as utilizing natural resources, social class, gender relations and identity formation. Finally, the GPE approach should be seen as open and adaptable, receptive to insights from other perspectives and evolving in line with capitalism as their primary object of analysis.

### Cultural Economic Geography

Cultural approaches in economic geography were inspired by the broader cultural 'turn' in human geography and the social sciences during the late 1980s and 1990s, creating new cultural geography. It viewed culture as a process through which individuals and social groups make sense of the world, often defining their identity against 'other' groups regarded as different according to nationality, race, gender and sexuality (Jackson 1989). Meaning is generated through language, which instead of simply reflecting an underlying reality, actively creates that reality through discourses – networks of concepts, statements and practices that produce distinct bodies of knowledge. The cultural turn has been closely tied to the rise of post-modernist and post-structuralist philosophies, which stress the fractured nature of individual identities, the social construction of meaning, the importance of difference and variety, and the effects of broader social categories and discourses. In response to the wider cultural 'turn,' some economic geographers have sought to adapt their interests, approaches and methods, incorporating notions of difference, identity and language into their research. The adoption of cultural approaches in economic geography has focused on the links between economic action and social and cultural practices in different places (MacKinnon and Cumbers, 2019).

### Institutional Economic Geography

Economic geographers have drawn upon institutional economics concepts that emphasize the social context of economic life and the role of institutions in shaping and embedding economic activity. Here, institutions are broadly defined as 'rules of the game,' incorporating formal and tangible rules and laws and more informal and intangible conventions and norms. Institutions include formal regulations, legislation and economic systems, as well as informal social norms that regulate the behaviour of economic factors: firms, managers, investors and workers. They govern the workings of labor markets, education and training systems, industrial relations regimes, corporate governance, capital markets, the strength and nature of domestic competition, and associative behaviour. Collectively, they define the system of rules that shape the attitudes, values and expectations of individual economic actors. Institutions are also responsible for producing and reproducing the conventions, routines, habits and 'settled habits of thought' that, together with attitudes, values and expectations, influence actors' economic decisions (Gertler 2004).

### Evolutionary Economic Geography

In recent years, evolutionary economic geography (EEG) has become one of the most vibrant sub-fields of economic geography, focusing on how the economic landscape is transformed over time. Informed by evolutionary economics and biology concepts, EEG is principally concerned with path dependence and lock-in (see Fig 1.4), the clustering of industries in space, and the role of innovation and knowledge in shaping economic development. In addition, evolution provides a particular way of thinking about change, inspired by the Darwinian concepts of variety, selection and retention, although not crude notions such as the survival of the fittest or the genetic determination of behaviour (MacKinnon and Cumbers, 2019).

**Relational Economic Geography**

In recent years, economic geography has been influenced by the rise of relational thinking in geography. It builds on Doreen Massey's 'global sense of place,' which defines place as constructed from the coming together of broader social relations. According to Massey (2005), the relational approach to space is grounded in three fundamental propositions. First, space should be seen as a product of interrelations, meaning that places and their identities are created through such relations, rather than pre-existing in a priori fashion. Second, space emphasizes the possibility of multiplicity, made out of the different relationships that link places together, resonating with the postmodernist concern for the difference. Third, space is constantly changing and becoming rather than being static or fixed. From this perspective, globalisation marks a new era of space/place relations, focusing on economic networks and more comprehensive circuits of knowledge generation and exchange rather than bounded regions. Relational economic geography is concerned with economic action and interaction, which it views as embedded in broader social and economic relations. It is particularly associated with the study of networks, defined as "socio-economic structures that connect people, firms and places to one another and enable knowledge, commodities and capital flow within and between regions" (Aoyama et. al. 2011).

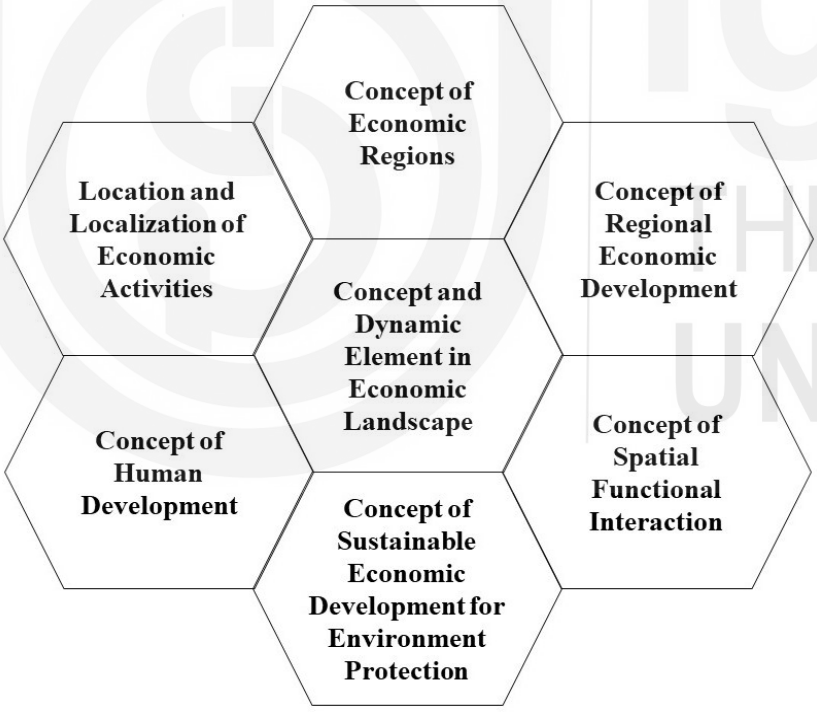


**Fig. 1.4: Fundamental Concepts in Economic Geography.**
(Source: Modified from Maurya, S.D. 2018. Economic Geography, Pravalika Publications, Allahabad)

## SAQ 2

a) Write a short note on the scope of Economic Geography.
b) What do you understand by exchange in economic activities?
c) Define new economic geography.

# 1.5 ITS RELATION WITH ECONOMICS AND ALLIED DISCIPLINES

## 1.5.1 Relation Between Economics and Economic Geography

There would be no development if everything happened at the exact moment. There could be no geography if everything existed in the same place. Only space allows for the uniqueness that unfolds through time. In 1938, August Losch suggested that economists consider geography and location when theorizing the economic process. Unfortunately, the subject of how the economy 'fits into space' does not appear to have received attention from economists in the past. While geography has benefited much from theoretical and conceptual knowledge of economics, economics has mostly ignored geography. Majority of the mainstream economists and only a few unorthodox economists such as Myrdal have worked with geography.

Economics assumes two levels of operation for economic processes; theoretical explication and policy action. The economy is divided into two parts; the macro-economy of the nation-state and the micro-economy of individual businesses, industries and families. Geoff Hodgson criticized economics for ignoring the relevance and function of history, whereas Blaug condemned economics for marginalizing space. The classical economists of 18$^{th}$ and early 19$^{th}$ Centuries championed the spaceless conception of the economy, which dates back to the mercantilist era. Neither Smith and Ricardo nor Marx mentioned the geographical and locational aspects of economic activity in any important or persistent ways. Geographical variation is regarded as an 'unnecessary complexity.' This trend was carried over into neoclassical economics towards the end of the 19$^{th}$ Century.

Economist Marshall defined economics as the study of human beings who make a livelihood. Later, economics was defined as studying the causes of material well-being. It investigates how humans collaborate to achieve their economic requirements. Robbins subsequently defined economics as studying human behaviour patterns in utilizing finite resources. According to Renner, economics has evolved into an abstract discipline. Its emphasis has evolved from people and their needs to utility, principle, credit, finance, interest rates, securities, banking, taxation and exchange. On the other hand, economic geography is the study of the methods of production, distribution and use of the world's resources and trade and commerce, transportation and communication. Economic geographers explain the pattern of economic activity of humans in various parts of the world, including their commercial operations and production achievements.

Economics is examined from a restricted perspective, whereas economic geography is researched more deeply. The factors of production, land, labor and capital, which are the tools of entrepreneurship and impact the value and importance of things, are examined in economics. Economics does not seek to study the natural, human and cultural factors that most influence human actions. As a result, economics does not aid in comprehending humans' economic life and activities in various environments. Aside from that,

economics gives broad concepts that do not explain economic activity occurring in different regions of the globe and the environment. Economists simply disregard the locational factor. The theory of industrial location has been considered beyond the scope of economics. On the other hand, economic geography is the study of human existence that emphasizes the spatial component and attempts to answer questions such as where and how. The following reasons are essential to investigate why geography is necessary for economic understanding:

1. The national economy is a complex mosaic of geographical locations with varying economic structures, processes and institutional arrangements.
2. National monetary and fiscal policy is based on the assumption that the economy exists in a vacuum. However, macro-economic interventions will have different results in various places.
3. Regions are the essential nodes of the global economy and national economies are just aggregates of regional economies.
4. Governments and policymakers have identified regions for decentralizing different policy measures and programs at regional and local levels.

## 1.5.2 Economic Geography and Allied Disciplines

### 1.5.2.1 Economic Geography and Environmental Studies

Environmental issues have provoked increasing interest amongst economic geographers. Of course, the environment has come increasingly to be seen in economic terms over the past few decades, perhaps most obviously with the rise of the doctrine of "liberal environmentalism". It indicates a belief in the "compatibility of environmental concern, economic growth, the basic tenets of a market economy and a liberal international order" (Bernstein 2001). This doctrine gradually achieved near-hegemonic status from the 1984 Brundtland Report (Our Common Future) to the Rio Environment and Development Summit in 1992, consolidated by the Johannesburg Summit in 2002.

The market principles were often viewed in opposition to environmental protection and conservation in the mid-twentieth century. But they have reconciled with economic growth and embedded in mainstream environmental policy as emblematized in the doctrine of sustainable development. As a result, economy and environment are entwined in the public debate, which has entrained economic geographers into these broader debates. An example can be cited even at local levels where students at a very young age are told about sustainable development and how proper utilisation of resources in everyday life can lead to sustainable Earth.

**Economic Geography and International Studies**

In 1980s, globalisation became the focus of economic geography. The emergence of a new international division of labour, the increasing hegemony of multinational corporations, the growth of global financial capital and new forms of communication and long-distance transportation opened up avenues

for economic geographers worldwide. Moreover, the economic geographers realised that it was the need of time to deal with the whole world.

**Economic Geography and Spatial Science**

Spatial science mainly focuses on abstract spatialities and geometrically defined locations (locational analysis and space-economy). As a result, the economy was conceived as an independent spatial object with its causative powers, morphological form and internal generative processes. On the other hand, regions remained part of the economic geographical lexicon but were conceived utterly differently: explanatory, theoretical and instrumental, a spatial unit to achieve functional objectives. Thus somewhere, there was a merger between spatiality and economic functions to understand the processes occurring at local, regional and global levels.

Besides these, it also shares relations with other disciplines, prominently belonging to natural and social sciences.

Therefore, the main objective of Economic Geography is to study the exploitation, distribution, processing and consumption of resources. Thus, the exploitation of resources and the limits fixed on it by the environment is the scope of economic geography. It also considers how the physical environment influences resource consumption. It investigates many aspects of the economic growth in various locations and nations worldwide. It also studies the transport, trade routes and trade that arise and are affected by the variations of economic development.

SAQ 3

a) Write a short note on the relation between economic geography and economics.
b) Discuss the relationship that exists between economic geography and allied disciplines.

## 1.6 SUMMARY

In this unit, you have learnt the following:

- Economic Geography is a systematic study of the economic resources and their utilisation within limits set by the physical, economic and social environment.
- It can be defined as – *"It is an inquiry into the production, exchange, and consumption of goods by people in different areas of the world."*
- Economic geographers are trained along four principal lines.
- In recent years, economic geography has become a crucial area of innovation in the social sciences.
- It has also became an essential reference point in the debate related to the processes of global economic change, innovation, finance and the future of whole cities and regions.

- The New Economic Geography is a new branch of spatial economies, which aims to explain the formation of a large variety of economic agglomeration in geographical space using a general equilibrium framework. It is an analytical framework initiated by Paul Krugman in the early 1990s.

## 1.7 TERMINAL QUESTIONS

1. Define economic geography and explain how its scope has changed over the years.
2. Discuss the framework of economic geography in the Post War period.
3. Write an essay on the approaches to economic geography.
4. Elucidate how the new approaches to economic geography are different from the traditional ones.

## 1.8 ANSWERS

### Self-Assessment Questions (SAQ)

1. It is a systematic study of the economic resources and their utilisation within limits set by the physical, economic and social environment.
2. a) The scope of economic geography encompasses the diverse facets and threads of natural, anthropogenic and economic activities. You may refer to Section 1.3.

   b) The major characteristics of NEG include general equilibrium modeling, increasing returns of indivisibilities and transport costs along with locational movement of productive factors etc. You may refer to sub-Section 1.4.2.
3. a) The relation between economics and economic geography criss-crosses around spatial linkages, associations and inter-relationships in the various components of an economy. You may refer to sub-Section 1.5.1.

   b) Many sub-branches of geography embrace a definite relationship with that of economic geography in many facets and dimensions with respect to the economy of any geographical region. You may refer to sub-Section 1.5.2.

### Terminal Questions

1. Your answer should include the precise definition of economic geography and throw a focussed light on its changing scope. You may refer to Sections 1.2 and 1.3.
2. To answer this question, you are required to discuss the framework of economic geography prevalent during post-war period. You may refer to sub-Section 1.4.2.
3. Throw a light on the various approaches of economic geography in brief while answering this question. You may refer to sub-Section 1.4.1.

4. Your answer should bring out the subtle differences between traditional and new approaches to economic geography. You may refer to sub-Section 1.4.2.2.

## 1.9 REFERENCES AND FURTHER SUGGESTED READING


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UNIT 2

# CONCEPTS IN ECONOMIC GEOGRAPHY

## Structure



## 2.1 INTRODUCTION

You have studied the definition, scope, approaches and recent developments in economic geography and its relation with economics and allied disciplines in the first Unit. In this Unit, you will study concepts and their importance, spatial division of labour, geographic fixity and mobility, spatial interaction and diffusion in Sections 2.2, 2.3, 2.4 and 2.5. Concepts are very important for any discipline or its branches, as concepts give a unique identity to that discipline or branch of the discipline.

## Expected Learning Outcomes

After studying this unit, you should be able to:

- explain the concepts and their importance in economic geography;
- discuss the concept of the spatial division of labour;
- describe geographic fixity and mobility; and
- explain spatial interaction and diffusion.

## 2.2 CONCEPTS AND THEIR IMPORTANCE

Concepts are very essential for any discipline or sub-discipline as these give a distinct identity to the associated discipline or sub-discipline. Concepts depend largely on the nature of facts studied in that particular discipline and the perspective adopted to study those facts. As the focus of different

disciplines is different applying different perspectives, various disciplines have their distinct or unique set of concepts (Alam, 2020). It is defined by Preston E. James as a mental image of a thing or event. These are based on the direct observation made through own senses, which are common to a group of experiences. Hence, it is imperative to study some of the concepts in Economic Geography – a branch of the sub-discipline of Geography called Human Geography. Since geography itself has the holistic perspective to study objects and phenomena, the same prevails with economic geography as the perspective in studying the resources and organisation of the economic activities in the spatial context not only as what is located at which spatial unit but also what is the spatial pattern and why is such existence of these economic activities or resources over the Earth's surface. It helps in understanding and managing economic problems like resource distribution, production, benefits and also equity in distribution. It also helps in managing the economy spatially to resolve economic problems like poverty and famine in relation to the associated geographical, environmental, socio-economic, political and other factors as processes in addition to location and its relevant properties, distribution or spatial pattern.

In the following sub-sections, we will study some of the concepts in economic geography.

SAQ I

What are concepts?

## 2.3 SPATIAL DIVISION OF LABOUR

Before discussing the spatial division of labour, we need to be acquainted with certain similar terms like 'division of labour', territorial division of labour, 'social division of labour and 'international division of labour', etc.

**(i) 'Division of Labour'** is defined as "the separation of tasks within the labour process and their allocation to different groups of workers (Dictionary of Human Geography, p. 169). The Encyclopedia of Human Geography defines it as "the division of labour refers to the specialisation in different stages of work that occurs within firms, among firms and among regions and countries" (Encyclopedia of Human Geography, Warf). In simpler terms, it can be expressed as specialisation of different tasks of a single work. It is supposed to have started during the Industrial Revolution of the 18th Century, when production companies preferred their workers engaged in different activities to remain in that particular activity to get more experience and skill to enhance the production capacity in terms of time and units. It tends to be greater in more complex and industrialised societies and is said to be the central component of the post-industrialisation production system. Division of labour is 'doing separate tasks of a single work by different sets of workers getting specialised or specialised in respective tasks for better performance and productivity cutting down the production time'. It is also supposed to be the major factor in economic progress. The concept of division of labour is not new. In the production system, it has been noticed by economists and philosophers like Adam Smith, Karl Marx and Alfred Marshal, etc. The term

territorial division of labour emerged in the context of regional economic planning while the spatial division of labour came into existence after the work on Spatial Division of Labour in the 1980s by a geographer Doreen Massey, where she has focused on the uneven development and inequality led by the reorganisation of capitalist economic activities over the space and changing social relations due to changed relations of dominance and dependence.

Division of labour is of various kinds from simple to complex. Simple division of labour is the segregation of labour based on occupations like farmer, wage earner, teacher, doctor and engineer etc. The complex division of labour is seen in the work where processes are involved with many tasks of a single work. There are horizontal and vertical divisions of labour also. Different tasks are done simultaneously at the same time in the process of production, it is called horizontal division of labour. An example is the automobile industry, where different parts may be produced at the same time by a specialised production unit and later on assembled as a vehicle. In the vertical division of labour, tasks of a single work or production are done sequentially. In geography, we can cite the example of a geospatial project where data collection is done by the field staff followed by the data entry/ import/ conversion/digitization. After the finalisation of data, the analysts do the data analysis and finally, the project report is written. All these tasks are hierarchically linked and can be done one after the previous task.

**(ii) 'Territorial Division of Labour'** has been the increasing division of labour over space induced by modern economic growth leading to the specialisation of certain areas. The territorial division of labour or regional specialisation of labour depends much on the available local resource endowments and the other factors of regional development like financial, technical, political and most importantly the social which are unique/distinct or peculiar to each region. There are numerous examples in India like Jute works in West Bengal, cotton textiles in Mumbai, Surat and Coimbatore, hosiery and woollens in Ludhiana and National Capital Region (NCR), locks in Aligarh and Brass work in Moradabad etc., which is based on local resources and conditions. Similarly, bangle works in Firozabad are also an example. During the British period, this territorial division of labour was clearly identifiable in the form of enclaves in and around the port towns due to the industrial activities and also in the tea plantation and mineral resource areas. This enclavisation of specialised labour continued during the post-independence period around heavy industries established in the resource-rich regions of backward states primarily characterized by tribal populations like Bihar, West Bengal, Odisha and Madhya Pradesh. However, there is a spread of geographical specialisation or territorial division of labour due to mobility of capital, labour, technology, skill and institutional interventions.

**(iii) Spatial Division of Labour** is the organisation of tasks related to the production process in particular geographical areas leading to the concentration of a certain economic sector or specialisation in a particular region. The Dictionary of Human Geography (Roger, Castree and Kitchin, 2013) defines it as "the distribution of different stages of economic activity across space, leading to the specialisation of work within particular places at a range of scales".

As mentioned above, the term ‘spatial division of labour’ emerged in the mid-1980s through a geographical research on the division of labour in the capitalist country, the United Kingdom, by Doreen Massey, where she tried to focus on the growing hierarchical social and economic relations with uneven economic development and inequality between the core economy and the relocated parts of the country. The managerial, financial and marketing activities were retained in the major towns while the labour intensive manual works were distributed and relocated either in urban households on a contract basis by small manufacturers or in the rural peripheries with lower labour costs. In the study, it was noticed that labour oriented manual part of the same work was distributed in different geographical locations and the white-collar controlling jobs were kept around a power centre leading to sharp divisions. This phenomenon, later on, became a major practice during the post liberalised era where the economic activities were reorganised by outsourcing and redistributing them over the global space for the minimization of production cost, distribution of finished materials through the supply chain and maximization of profit. The production units ranging from automobiles to electronics, hosiery and call centres or business processing operations have been relocated in the regions of low wages like South America and South and South-East Asia in the process of the spatial division of labour. This happened so due to the availability of cheap and giant labour force in China, India and other Asian and Latin American countries relocating the labour-intensive production or business process and units to these countries from the traditional locations. Therefore, it may also be called the **International Division of Labour** or internationalisation of the labour market unlike the territorial division of labour which was within the national boundary prior to the opening up of the world economy under the process of globalisation and liberalisation. This created the increasing specialisation in the newly located economies with shifts in employment from the traditional core and capitalist economies. There is a kind of international division of labour-intensive activities in these low paid and labour abundant regions and knowledge-based activities in the core economic regions in the globalised world. Examples are Latin American countries with labour-intensive activities and computer-based industries in Silicon Valley in the USA as knowledge-based activities. In India, the hosiery and leather works of leading brands were also distributed at the household level in certain villages of Delhi during the mid-1990s and now Dharavi slum of Mumbai is the hub of many such productions by leading brands of the world. It has not only redistributed the tasks but induced the labour to relocate to new places of opportunity based on their specialisation and expertise. Examples are the migration of skilled labour in the areas of soft skills to very specific locations like Silicon Valley of the USA particularly and the western world for other kinds of high paid jobs related to managerial, technical and medical fields during the post-liberalisation period benefiting the destination and depriving the origin. It is also a kind of brain drain incidence in contemporary times.

## SAQ 2

What is the division of labour?

## 2.4 GEOGRAPHIC FIXITY AND MOBILITY

People, goods, ideas, and services either remain geographically static or mobile depending on various conditions. When they remain fixed at a particular location, it is **Geographic Fixity** and when they make movements, we may call it **Mobility**. Fixity is discussed when geographical mobility comes into the picture. Fixity is also seen in terms of place attachments or being located or rootedness. It is taken in the sense of peoples' deep-rooted association with their places or localities. It is not only among those who sustain with local resources only but also those who are in the most advanced economies and societies due to certain associations with places or locality, people and culture etc. Here places are not simple geographical areas but include all their physical and socio-economic characteristics. Lately, it is also associated with capital by the geographers like David Harvey, where spatial mobility and fixity both are seen in terms of capitalists' motto of profitability by the mobility of resources into different parts of the space and fixity of capital accumulation for profits. In both cases, geographical factors are involved.

**Mobility** is a major concern of both physical and human geography. Mobility is physical as well as cultural. Physical mobility is about the movement of people, goods and services or ideas from one place to another and cultural mobility is about the mobility of a person or community from one social status to the better one. Within geography, it may be grouped into both physical geography and human geography, where movement in physical geography includes the movements of physical entities like soil, water, ice and movement of objects in landslides, etc. whereas movement in human geography includes the movements of people, objects, ideas and information including the trade and transport. It takes place on different scales both spatial and temporal.

Due to the weakening intervening opportunities/barriers as a result of new invention and technological advancements, mobility has become much faster and coverage has also become wider in terms of mobility of people, goods, services or ideas/information. The mobility of ideas/information is such that could have never been thought of before due to its real-time coverage of any geographical scale. Physical movements of people and goods have also achieved unprecedented pace due to technology and other means. Physical mobility of goods and people involves modes of movement or mobility like on foot to spacecraft. If we talk about the movement of people, it begins from the neighbourhood level for daily routine mobility to commuting and migration, where migration may be seen from both spatial scales as well as temporal scales as a short distance and long-distance, and short duration and long duration. For mobility, network and movements are involved. Yes, presently movement is not necessarily required for interactions between two entities located at two different spatial locations due to information and communication technology (ICT). There are various terms used for the advancements of ICT like the world is flat, frictionless surface, death of distance and broken barriers, etc., due to its capability of facilitating real time exchange of ideas and information between and among two or more places located anywhere in the globe by real time transportation and delivery.

Cultural or social mobility is also the movement from one position to another in terms of vertical status change, mainly hierarchical. A person or a society moves upward with the attainment of certain traits or practices of others for their enhanced status. In the Indian case, social mobility is the movement of the members of the lower caste from their traditional status to the higher status in terms of food, language, religious practices, cultural practices and occupation. People left the traditional occupation thought to be of inferior position like cleaning, dumping dead animals, etc. Similarly, the adaptation of practices considered to be of higher status leads to the mobility of people or society. Language shift may also be taken to be as language mobility when the traditional language of a person or society is being replaced by other language (s), it may be taken as mobility. Mobility involves assimilation as well as acculturation.

SAQ 3

What are geographic fixity and mobility?

## 2.5 SPATIAL INTERACTION AND DIFFUSION

**Spatial interaction** is the exchange of people, goods, and ideas or information between two places, areas or regions. It is the result of the mutual interdependence for which the movement of people, goods, ideas, information and services move. Even capital moves from one place to another because of push and pull factors like human migration. It is a term coined and popularised by E.L. Ullman in 1980 to indicate interdependence between places or geographical areas or regions. This interdependence is about the movement of people, money, goods and information between places. It is also seen as the geography of circulation.

Spatial interaction depends on three basic factors- complementarity, transferability and intervening opportunities. Let us discuss these three factors briefly.

**(i)** ***Complementarity*** is about the properties of areas or regions and whether they can meet the demand and supply conditions of each other. In other words, there should be demand in one area and the ability to supply the demand in other area. It also includes the willingness and ability to pay by the area having demand.

**(ii)** ***Transferability*** refers to the properties of goods or services whether they are transferable or moveable and affordable by the desiring area or region, as the movement involves cost.

**(iii)** ***Intervening opportunities*** indicate those areas, especially newly emerging or emerging between the existing two, which also provide the same kind of complementarity. If there are intervening opportunities, the interaction between two existing complementary places, areas or regions may get reduced or disappear for spatial interaction and spatial interaction between two new sets of places will take place. Spatial interaction is beyond the rule of distance-decay, when only distance and volume is in consideration, otherwise the interaction with distance

diminishes and disappears after a certain point as per the rule of distance-decay.

The spread or propagation of phenomena (innovation) over space (from one place to another) and time is called **Diffusion.** Diffusion is the spread of a phenomenon including ideas, technology, objects and living being or culture over varying spaces and time from one individual or group to another. The study of diffusion started in the cultural geography by Carl O. Saur which had originated in the book ***Anthropogeographie*** of Freidrich Ratzel in 1891. Saur meant diffusion as 'the filling of the space of the earth', under which an area or region is introduced with new ideas, techniques, culture, craft and plant or crop, etc. It was later on accelerated by Torsten Hägerstrand in 1954 under the title 'innovation diffusion' through his writing ' Spatial Diffusion as an Innovation Process' making spatial science more dynamic with increasing demand for sophisticated technology. The study covered a number of agricultural innovations.

Information is circulated through regional populations where the information flows are regulated by the barriers of various kinds like physical and human (resistance) shaping the waves of diffusion. It involves distance, direction and spatial variation, which influences the pace of diffusion with smooth and rough media of travel and adoption. It is lately also seen in epidemic studies (transmission or contagious diffusion). The pace and nature of spatial diffusion in digital and globalised world may be different as there are no physical barriers in diffusion of information through highly advanced and sophisticated iformation and communication technology.

**Artifacts** are the elements related to material culture like people's livelihood and **Mentifacts** are attitudinal elements or values like language and religion/belief systems and practices.

Diffusion is generally of two types. It is either **spatial/relocation** or **expansion**. Let us discuss these two types briefly.

**(i) Spatial diffusion** is the spread of phenomena or innovation as explained above. In spatial diffusion or relocation diffusion, the carriers physically carry the ideas or phenomena with them to a new place in the form of artifacts and mentifacts. In this, the people of destination come in contact with the new settlers (carriers) and not with the place of origin. Religious diffusion across the world took place under this process. Many countries receiving people from various parts of the world have been examples of this kind of diffusion where multiple ideas, beliefs or practices are received and gradually the original settlers adopted those. In **Relocation Diffusion** specifically, the things or phenomena under the diffusion process leave the place of origin and move to a new place or area. The movement of the rural population to the urban centres carrying the values and other properties with them may be a recent example. Similarly, the movement of an epidemic from one population to another may be another example. The difference with another type of diffusion, i.e., **Contagious Diffusion**, is that in this case the epidemic moves and does not remain at the origin. You will understand it better in detail in further discussion. An example of relocation diffusion in India may be the people belonging to nomadic groups carrying traditional knowledge about medicines and certain crafts or skills (work of iron tools and implements, herders, tightrope walkers and folk musicians etc.), who do not settle at one place permanently and move from one place to another with their knowledge,

crafts or skills. You may see the relocation of diffusion in the Fig. 2.1, where it has relocated from its origin to the destination.

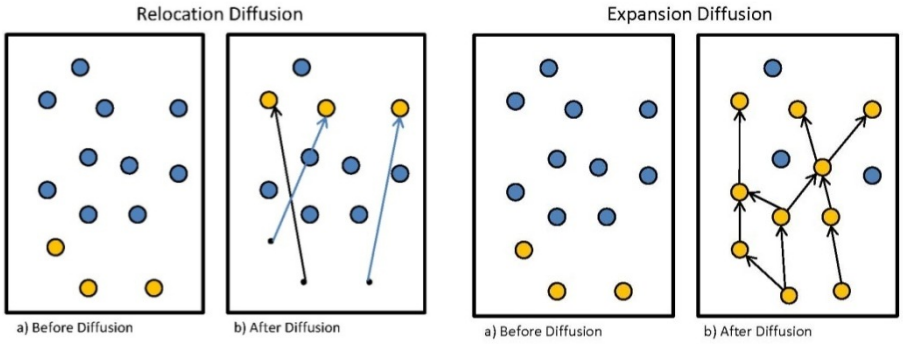


**Fig. 2.1: Relocation and Expansion Diffusion.**
(Source: Fellmann, J.D., Getis, A. and J. Getis, 1999)

**(ii) Expansion Diffusion** is also a similar process taking place from one place to another or from one group to the other involving external agencies of propagation of expansion. In this type, the ideas are not only disseminated by carriers themselves but some government or voluntary agencies or mass media are also involved in the popularization among the people at the destination. Expansion diffusion also includes the assimilation of people into their own ideas like conversion. In this type of diffusion, the origin remains at the place of origin and gets intensified with the addition of new places (destination) during two time periods. The expansion of food items may be a very suitable example of expansion diffusion, such as the availability and popularity of Idli, dosa, momo and Chinese food etc. in the various parts of India. These were very localised foods but are found now everywhere being intact at their places of origin. It has been illustrated in Fig. 2.1, where the diffusion has taken place from origin but with spread it is also intact at the origin.

Expansion diffusion is further divided into ***Contagious Diffusion*** and ***Hierarchical Diffusion***. As we have already discussed various types of diffusion, can you describe these two types of diffusions? Let us discuss these two types in the following paragraphs.

**(a)** In **Contagious Diffusion**, almost all get influenced in the destination (new contacts) with the origin (early innovators or adopters) remaining in direct contact with the origin. Contagious Diffusion is similar to the transmission of contagious diseases. You may see the process of contagious diffusion through the Fig. 2.2, as how an innovation or a disease infection spreads from origin to various destinations with time. The burning example is the transmission of Covid-19 (Coronavirus) across the world since 2019 originating from the Wuhan City of China.

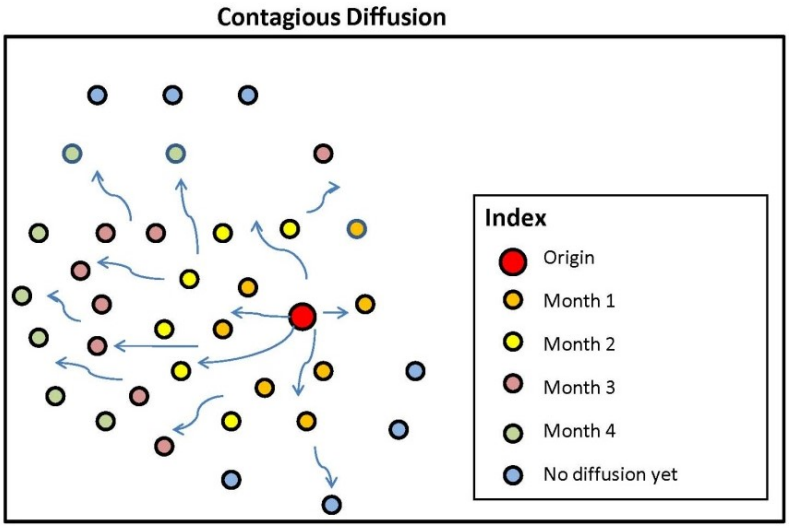


**Fig. 2.2: Contagious Diffusion.**

**(b)** The diffusion of ideas from the people of the larger centre of origin to the people of peripheral areas is known as ***Hierarchical Diffusion.*** The major inventions at the place of origin are shared at the next level in the hierarchy finally to be disseminated up to lower levels like the invention in agricultural technology. In this, the diffusion is not always downward, but it may originate at some lower level or mid-level point and move upward to the centre; and from the centre, there may be rapid diffusion through mid-level centres and downward.

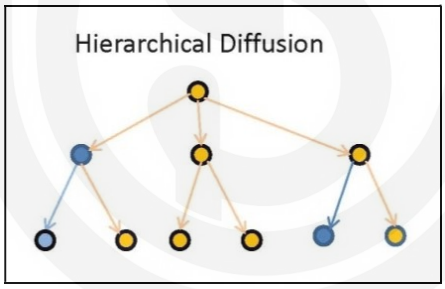


**Fig. 2.3: Hierarchic Diffusion.**
(Source: From Haggett, P. 1983)

The contemporary development in the means of transportation of people, innovations, ideas and technology etc., has revolutionised the entire process of diffusion in an unprecedented manner. Sometimes, due to the power of ICT and social media, the above gets diffused simultaneously across the world without hierarchy.

Geographers study diffusion to get the idea of the exchange of information between and among regions, centres of origin and diffusions, travel rate of diffusion waves, carriers and channels of diffusion, strength and life of diffusion waves, etc. Haggerstrand suggested four-stage innovation waves also known as innovation waves. These are the Primary Stage, Diffusion Stage, Condensing Stage and Saturation Stage. In the primary stage, the diffusion process begins having a distinct contrast between these centres and the others. In the Diffusion stage, the actual diffusion process emerges with the creation of a new, rapidly growing centre of innovation in the faraway places beyond the centre of innovation or origin and reducing the contrast

between the centre of origin and these places/regions, which existed during the primary stage. In the third or condensing stage, the adoption of innovation everywhere is more or less at an equal level irrespective of the distance from the origin. In the saturation stage, the diffusion and adoption process becomes slower and moves to a gradual ending due to mass adoption across the region leaving a very small scope for regional variation.

There are contact and information fields also in the process of diffusion. The spatial pattern of contacts in terms of distance slabs are called a contact field. The Mean Information Field is an area or field, in which contacts occur.

SAQ 4

Define spatial interaction and diffusion.

## 2.6 SUMMARY

In this unit, you have learnt the following:

- the concepts and their importance in economic geography;
- the concept of spatial division of labour;
- the concept of geographic fixity and mobility; and
- the concept of spatial interaction and diffusion.

## 2.7 TERMINAL QUESTIONS

1. What are concepts? Discuss the importance of concepts in economic geography.
2. What is the division of labour? Explain territorial division of labour, spatial division of labour and international division of labour.
3. What are geographic fixity and geographic mobility? Discuss these in the context of economic geography.
4. Define spatial interaction. Explain its basic factors.
5. What is diffusion? Elaborate on its origin and types in detail.

## 2.8 ANSWERS

### Self-Assessment Questions (SAQ)

1. Concepts are the mental images of things or events based on the direct observation made through own senses, which are common to a group of experiences.
2. Division of labour is the separation of tasks of a single work within the labour process based on and for the specialisation of different tasks or parts of the complete work.

3. When people, goods, ideas, services and objects on the Earth's surface remain geographically static and fixed at a particular location depending on various conditions, it is known as geographic fixity; and when the above make movement, it is referred to as mobility.

4. Spatial interaction is the exchange of people, goods, and ideas or information between two places, areas or regions resulting from the mutual interdependence of two spatial entities on account of certain demand and supply.

## Terminal Questions

1. Define concepts and write their importance in economic geography. Refer to Section 2.1.

2. Explain the division of labour and its types- territorial division of labour, spatial division of labour, and international division of labour in detail. Refer to Section 2.2.

3. Define geographic fixity and mobility and discuss them in the context of economic geography. Refer to Section 2.3.

4. Define spatial interaction and explain it with its basic factors- complementarity, transferability and intervening opportunity. Refer to Section 2.4.

5. Elaborate diffusion with its origin and types studied in geography. Refer to Section 2.4.

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UNIT 3

# ECONOMIC ACTIVITIES

## Structure



## 3.1 INTRODUCTION

In the previous units, you have studied and learnt about the scope and approaches along with concepts in economic geography. All of you know about the meaning of economic activities formally or informally in one way or the other. For many of you, it may simply refer to finance, markets or trade and jobs etc. Economic activities comprise a whole set of livelihood related activities practiced over the space and time in its myriad forms. Study of evolutionary history may give us an idea regarding its changing nature, form and scale across the world, entailing an element of spatial transformation. It began from subsistence (primarily associated with agriculture and allied activities), to barter to slavery, feudalism, capitalism and socialism, and commercial forms of economy characterized by multi-faceted forms and specialisations with the passage of time, albeit with regional differentiation and areal variations.

At present, nearly 8 billion people inhabit the planet Earth, being spread into different continents and countries. However, it is not evenly distributed and shows striking regional variations evident with pockets of extremely higher proportion of population residing in Asian geographical regions like China and India on the one hand and sparsely populated geographical regions of four Scandinavian countries and many others elsewhere across the world on the other hand. With few exceptions, in extremely less developed pockets of sub-Saharan Africa, Asia and Latin America, much of the segment of population have already been integrated into globally interconnected economic systems. It reflects the interdependence of human societies on each other for sharing and exchange of various commodities, knowledge systems and technologies,

etc. It is not a difficult task for you to distinguish the diverse forms of economic activities of any place. As a student of geography, you will study about the spatio-temporal dimensions of economic activities. This will make you learn about the relationships that exist between resources, production and consumption patterns.

In this Unit, we will focus on the classification of economic activities in detail dealt in Section 3.2. And, Section 3.3 is devoted to the brief study on types of economic activities. We believe that study of this Unit may enable you to understand the very basis of economic activities that represents the lifeline of the human beings to eke out their living and livelihood. This Unit will provide you a brief glimpse of geographically holistic understanding of the entire range of economic activities carried out by the human population in varied forms. You will be able to decipher and see the associations and interrelationships between the utilisation of resources and people that paves the way for the economic set-up of an individual, firm and region, etc.

Furthermore, you will study in detail about the primary sector and secondary sector along with service sector spread across the ten units of Blocks 3, 4, and 5 of this Course. It is designed to provide you a holistic and comprehensive understanding of varied sectors of economy or economic activities.

## Expected Learning Outcomes

After studying this unit, you should be able to:

- describe the classification of economic activities; and
- explain the various types of economic activities.

## 3.2 CLASSIFICATION

Before discussing the classification, we will briefly discuss about the historical background of economic activities. We will begin with the evolution of economic activities which talks about the origin of any activity or phenomenon e.g., the origin of the universe, religion, ethnicity and language, formation of rural and urban areas and many others. Here, we are dealing with the economic activities that provide the platform for the survival and sustenance of human beings. You can think of it in terms of a profession which your adult siblings, parents and relatives may be doing in order to live a decent standard of life. It will make you think about the professions taken up by your near and dear ones.

Since time immemorial, the economic activities were driven or characterized by the subsistence levels of the human societies. The exchange of goods and services used to be very archaic in nature. Initially, it started with the exchange in kind, for example, exchange of various food grains between one region to another region which we know as ‘barter trade’ to meet the dietary needs of each other. Gradually, it acquired the shape of feudal economies to that of industrial revolution and recently took the shape of multinational and transnational (MNC’s and TNC’s) corporations. With the passage of time, it has entered into the modern forms of economy across the globe characterized by tenets of globalisation, liberalisation and privatisation.

Economic activities are classified on the basis of several factors. Some of the important classification factors are type, scale, organisational and technical, etc. We will discuss the classification of economic activities on the basis of type along with its importance in the economy.

One of the simplest ways to classify economic activities is to observe the type of output that emerges out in the process. By classifying the myriad forms of economic activities into various sectors/industries/services, we may get an insight into the way goods are produced and the proportion of workforce employed (employment structure) in each sector in different nations and human societies. Many scholars had tried to classify the economic activities. Some prominent ones are discussed as under:

A scholar named **Raich** said that, ‘‘economic activity is the production, distribution, and consumption of commodities”. However, this definition was criticized and rephrased by another scholar named **‘O’ Connor** as “any economic activity involving the production, distribution and consumption of commodities, depending on the level of generality”. Economic activity has been classified in the Cambridge Dictionary as “the activity of producing, buying, or selling products or services.” The University of Toronto’s Department of Economics classified it in terms of “economic activity as the process by which the stock of resources or stock of capital produces a flow of output of goods and services that people utilise in partial satisfaction of their unlimited wants”. Two scholars named Alexander and Gibson (1979), had classified economic activities in two broad types, namely subsistence and commercial. They had further classified the second broad type into gathering, bioculture, manufacturing, transportation, trade and services.

Another scholar named **M**.**E**. **Hurst** (1972), classified the economic activities into three major categories namely production, exchange and consumption and their sub-categories. These are discussed below:

**1. Production:** It entails the process of alteration of resources and producer goods by inducing value addition. It takes place at four sectors of economy as under:

**a) Primary:** It refers to the direct procurement of products or goods in their raw form from the physical environment. It includes agriculture, grazing, forest products, fishing and hunting along with mining and quarrying, etc.

**b) Secondary:** It refers to the change in the form of primary products and producer goods. This may encompass a wide range of production units.

**c) Tertiary:** It refers to the services, wholesale and consumer goods.

**d) Quaternary:** It refers to the kind of service that demands advance training and education. Some of the examples of this category are software developers, financial planners, academicians and scientists, etc.

**e) Quinary:** It refers to work related to the highest level decision and policy making administration. A few examples of this category are senior government officials, senior business executives and judges, etc.

**2. Exchange:** It refers to the addition of time and place utility. Basically, it deals with the sale of goods in the market. It occurs at two levels in the sector of economy as under:

a) **Trade:** It includes both wholesale and retail trade.
b) **Transportation:** It includes both passenger and freight transport.

**3. Consumption:** It refers to the utilisation of goods and services to satisfy the human wants and needs. It is of two types as under:

a) **Consumer goods:** It includes food, shelter and clothing etc., being utilised in terms of direct satisfaction of human requirements.
b) **Producer goods:** This refers to the consumption in terms of further production of goods. It is meant for indirect satisfaction. Producer goods are also known as intermediate goods. Such kinds of goods are used for further processing and manufacturing. Few common examples could be salt, glass, wood, steel and many others like silver and gold, etc. You may list out many others in the page margin of your Self Learning Materials (SLMs).

However, a difference can be seen in the types of economic activities of a particular nation, which could be the result of economic stage through which it is passing or already has passed/crossed.

Economic activity refers to the activity of manufacturing, purchasing and selling of goods and services, etc. We may say that any activity which entails production, distribution or consumption of products or services can be termed as 'economic activities'. Besides, any kind of spatial activity which involves trade for monetary reasons or the exchange of products or services fall under the ambit of economic activities. All sorts of economic activities revolve around three inter-related aspects namely a) Business, b) Profession and c) Employment. Basically, economic activities can be classified into three major types. These are primary, secondary and tertiary activities. Tertiary activity can further be classified into two types as quaternary and quinary activities. We will describe each one of these in the next Section under types of economic activities.

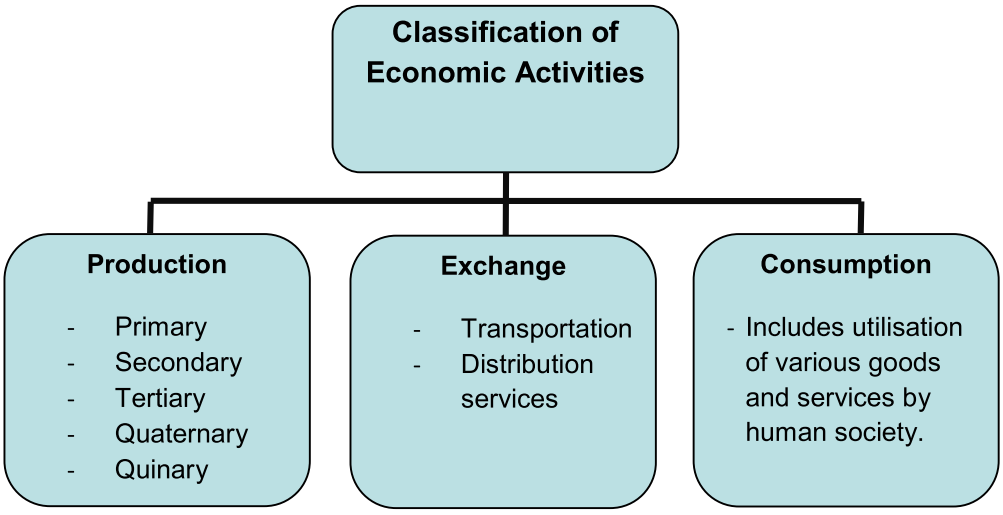


**Fig. 3.1: Schematic Diagram showing Classification of Economic Activities.**

You will agree that it is indeed a very important task to highlight the importance of economic activities. Can you imagine the importance of any of the economic activity which you are familiar with? If yes, please write down the same on the margins of your study material. We are mentioning few key areas of importance below, which will be of relevance to you as a student of geography and holder of graduate Degree. These may include source of livelihood, accumulation of capital, exchange of goods and services, interdependencies between regions/nations/geographic realms, flow of information and communication technologies (ICT's), exchange of ideas, knowhow and capacity building measures along with philanthropy etc.

Economic activities are concerned with the distribution, size, shape and production of various goods and services in geographical settings.

In this Section, we will make you learn about the processes through which these varied set of activities undergo. All kinds of economic activities can be arranged into the 'sectors of economy'. It basically means the categorization of various types of economic activities on the basis of their character, scale, area of operation and the application of technological inputs. Can you think of any such economic sectors which you know or have seen either in your immediate neighbourhood, district and state or nation?

It could range from a small village farm, handicrafts units and cement, soap, pharmaceutical factories, technology parks and multinational corporations, etc. This is just a suggestive list. In real world, you may encounter dozen of such cases operating relatively in a random manner. In our country, the Ministry of Labour and Employment, Government of India (GOI) has classified 3600 civilian occupations by covering 52 sectors in its latest National Occupational Classification Framework, 2015 in accordance with internationally standardized occupational classification scheme of International Labour Organisation (ILO). You may see the portal **www.ncs.gov.in** to get a detailed description of the same, if interested. Similarly, every nation does so to classify the range of economic activities accordingly.

Let us now briefly study the various types of economic activities that characterize the human society and nation and indicates the levels of economic development as well.

SAQ I

Briefly explain the classification of economic activities.

## 3.3 TYPES OF ECONOMIC ACTIVITES

As you know that there are great varieties of economic activities depending upon the economic stages of a particular geographical region or nation or a country. We will begin our discussion with the first type i.e., primary economic activities.

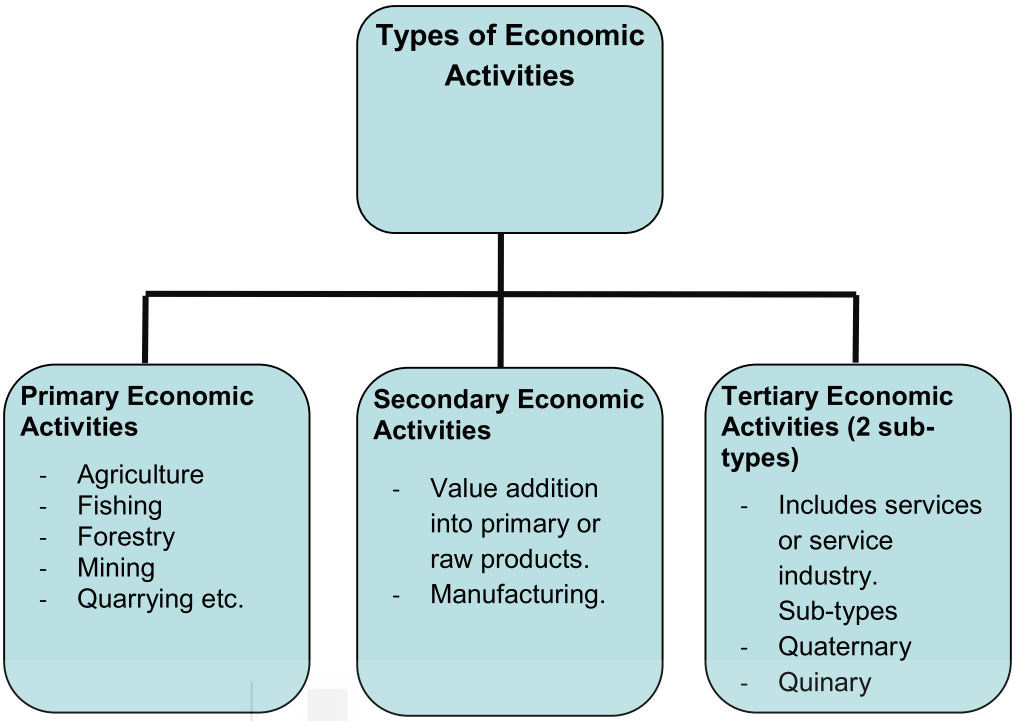


**Fig. 3.2: Schematic Diagram showing Diverse Types of Economic Activities.**

## 3.3.1 Primary Economic Activities

We believe that you already have an idea about the word primary e.g., primary school, primary friends, primary colours and primary sources of data etc. Similarly in case of economic activities, it is concerned with an activity employed in the collection or to make available the raw material in its primary state extracted from the nature or biophysical environment for further processing. It forms a part of the economy related to the primary sector of economy or we can say primary industries. It includes agriculture and its allied activities. Broadly, these are known as agriculture, ranching, hunting and gathering, fishing, forestry, mining and quarrying along with many further sub-specialised categories of economic activities. You must have seen or may be a practitioner of agriculture and its allied activities with your family. It may particularly apply to those who are residing in the rural set-up or simply in villages. The same holds true in case of many of the developing nations of the world. If so, can you list out the salient features which you know about the same on the margins of your booklet. Agriculture and its allied activities encompass a long list of activities, each differing with their characteristic geographic regions. For example, mountainous regions will have different set of activities as compared to that of plains and coastal regions. In essence, both activities include growing of food and feed along with livestock rearing that forms the part of primary economic activities.

Primary economic activity or industry refers to any of the industries that provides products or goods which has not been altered or processed into useable format. In totality, these form the part of the primary sector of an economy. The proportion of workforce engaged in primary economic activities along with other four economic activities also indicate the stages of economic development being achieved by a particular country or nation. A large proportion of workforce in much of the developing world or countries are still

engaged in the primary economic activities, primarily into agriculture and its allied activities, the way many European countries were around more than three hundred years before present. There may be tremendous gaps the way agriculture is practiced in the developed and developing parts of the world. In former case, it is completely supported with modern technologies such as hybrid seeds, genetically engineered crops, sound irrigation techniques, besides mechanised farming. However, in later case, it may still be lagging behind in these techniques due to various bottlenecks, albeit with regional variations. Besides national level gaps, there may be tremendous regional level gaps as far as employment in this sector is concerned. For example, National Capital Region (NCR) Delhi and almost all the States and Union Territory capital cities of India has much lower proportion of population employed in primary economic activities than its most of the rural hinterlands due to obvious reasons of existence of other sectors of economy.

As mentioned in the beginning, you will learn a great deal about the primary economic activities or primary sector/industry, as discussed in elaborative manner with examples in 04 Units of Block 3 of this course.

### 3.3.2 Secondary Economic Activities

Secondary industry refers to an industry that processes the products or material, we can say raw products into a useable product by doing value addition. It is devoted to the manufacturing industries. The raw material is obtained from the primary sector. Since primary sector doesn't provide the products or goods in finished form to make the human lives easy and comfortable. Therefore, it is not a difficult task for you to visualise that we require a kind of industry which can do so in a better way. You can say that this industry is directly concerned with alteration of the nature of primary articles into finished goods meant for direct consumption by the vast categories of consumers in the human society. It may include many items such as manufactured goods, automobiles, textiles and electronic equipments to name a few for your understanding. If you happen to know some of these secondary activities, then you can list out these in the margins of your SLMs. This may give you a sense of idea to categorize various assorted set of economic activities, especially in developing parts of the world.

Manufacturing activity/industry entails a process of diffusion of technology from its cradle lands or origin points with widespread regional differentiations to rest of the world. In turn, the process of industrialisation also necessitates the growth of cities or more appropriately urban ways of life resulting into urbanisation, whereby the character of rural hinterlands begins changing into towns and cities of various sizes. Geography of secondary economic activities or manufacturing is far from simple as it is characterized by complexities at many scales and levels. These can be seen into multiple branches, each branch may be characterized by diverse forms of structure and organisation, combination of technologies, demand and supply, labour, capital, technology and market factor, etc. Today, the conditions to choose the appropriate location to set up an industry significantly differ from earlier times. It is also influenced by the government policies and incentives (especially keeping in mind the defense and security issues), which may play a decisive role to decide the location of an industry, besides other important input and output

factors. A kind of industry or group of industries which a particular nation or geographical region has is indicative of its levels of economic development (seen in terms of per capita income, technological know-how and advancements and external linkages with rest of the world) etc.

Basically, it refers to part of the economy concerned with manufacturing and processing. For example, production of iron and steel (from various group of minerals), automobiles, readymade garments, furniture, electronic appliances (like computers, television and mobiles etc.), production of milk and associated dairy products from pastoral farming, production of textile from cotton farming and production of furniture from lumbering activities, etc. It encompasses the entire range of manufacturing, processing and construction works that comes under the ambit of secondary sector. Some of the prominent activities are metal works and smelting, production of automobiles, production of textiles, a huge variety of chemical and engineering industries, aerospace manufacturing, energy utilities, construction and shipbuilding, etc. Nowadays, many niche forms of manufacturing activities have also sprung up to meet different needs of the society that may be economically viable and environmentally sustainable in the longer-run, prominently since the era of liberalisation, privatisation and globalisation (LPG), post 1990. Besides, it is also aimed towards substantial reduction in the consumption of fossil fuels, air, water and soil pollution along with waste to control and minimize the damage to the physical environment. Few prominent examples could include manufacturing of electric vehicles and energy efficient lights etc.

It is characterised by the increasing levels of employment corresponding with the scale of industrialisation of a particular country. However, this proportion starts declining with the passage of time as tertiary sector develops. The raw material comes from the primary sector. You can say that this industry changes the nature of primary articles into finished goods meant for direct consumption by the vast categories of consumers in the society.

### 3.3.3 Tertiary Economic Activities

In simpler terms, it refers to a kind of economic activities that takes care of the distribution as well as consumption of myriad forms of goods and services in an economy. It is concerned with the sale and use of economic goods and services. Basically, it means a service industry that aims to connect the producers to consumers, and thereby helps to pave the way for doing business, commerce and trade. You can say that it helps the people to meet their diverse needs of day-to-day life, besides crucial and mandatory needs such as administration, health and education. Tertiary economic activities may include a host of professionals like doctors and nurses, teachers, lawyers, bankers, business executives, administrative and clerical staff and many others, etc. Besides, many other professionals engaged into diverse professions also support agricultural operations. These may include research scientists employed in the agricultural and horticultural educational institutions/universities, seed companies and chemical companies which produces insecticides, pesticides, antibiotics and herbicides. It also includes engineers who design modern farm implements and the people employed in various categories like entrepreneurs, administrative and clerical staff in the

related market chains, where above-mentioned products are being sold to the farming communities to increase the farm yields, also come under the ambit of tertiary economic activities.

One of the key geographic concepts i.e., locational factor is very important in terms of proximity to the intended clients. Few more factors that facilitate the promotion and congregation of associated firms and enterprises include agglomeration economies, easy availability and supply of cheaper labour force and infrastructure along with new firm formations etc.

Since its inception, tertiary economic activities have had undergone a significant scale of transformation. It has evolved from its fundamental forms into unimaginable and diverse kinds of services which couldn't have even been thought and visualised by the nomadic herder of pre-industrial revolution era. It refers to a part of the economy which includes all kinds of service industries. It encompasses jobs or professions concerned with the administration, transport, education, medicine and banking, etc. Developed parts or countries of the world, like USA and western Europe often employs approximately more than 50 to 75 percent of the working population in tertiary sector mainly concentrated in bigger towns and cities. It is primarily oriented towards serving the community at large as well as individuals at micro level.

Basically, tertiary sector deals with the supply of services to its consumers and associated business enterprises, e.g., retail, sales, transportation and restaurants. On an average, tertiary economic activity employs less than one fourth proportion of workforce in developing countries, whereas it employs nearly three-fourth proportion of workforce in developed countries. The good growth of tertiary sector is an indication of the competition in international arena.

### 3.3.4 Quaternary Economic Activities

It refers to the kind of economic activity which is concerned with information. It involves the acquisition, manipulation and transmission of information. Quaternary economic activities may include law, finance, education and research, etc.

In this sector, the economic activities of the tertiary sector are taken into account. These may be concerned with the research, assemblage, processing and transmission of information. It may also include the management of some more industrial sectors as discussed in preceding sections. Such services are generally delivered into special kinds of environments. Earlier, quaternary sector industries used to be found mostly in advanced or developed countries, mainly around nodal centres of industrial development, for example, near London and Thames valley. Now, it is getting dispersed to the other centres especially in the capital cities and their satellite towns (e.g., New Delhi and Gurugram, Bangalore and elsewhere, etc.). You can say that it is purely a knowledge-based activity. Some of the key characteristics may include the knowledge of computing systems, expertise in Information and Communication Technologies (ICT), and scientific research etc. The proportion of workforce remains relatively lesser in developing countries whereas in developed countries, it accounts for a sizeable proportion of the workforce in quaternary sector. The geographical region or a

nation or simply a place experiencing the constant development or good growth of this activity may further strengthen the array of quinary economic activities.

### 3.3.5 Quinary Economic Activities

It refers to a part of the economic services, a sub-division of tertiary activities. Basically, it deals with the generation, re-arrangement and explanation of both existing and new ideas along with interpretation of huge datasets and utilisation as well as evaluation of emerging frontiers of technologies. Quintessentially, it is concerned with the information and specialised expertise/skills in order to provide a handsome or cutting-edge service to the intended clients or community of stakeholders or simply its users. It may include a host of professionals like scientists, academicians, government officials, business executives, financial and law related consultancy services, and many others, etc. In other words, we can say that quinary activities are being executed by the apex level policy and decision-makers in an economic structure of a geographical region or at a district, state, national and international scales. Usually, the higher proportion of working population engaged in this activity can be seen more prominently in the developed parts as opposed to developing parts of the world. You can easily guess that the nations or advanced nations which employ more people onto this activity will be more and more developed. This sector has witnessed rapid progress since last forty years seen in the growth of knowledge-based industries catering to the demand of various stakeholders in the society. Many of the science and technologically enabled quinary services related to quinary economic activities will also be dealt in Unit 17 of this course.

SAQ 2

a) State the main features of primary economic activities by citing local examples of your choice.
b) What are quinary economic activities?

## 3.4 SUMMARY

In this unit, you have learnt the following:

- The classification of economic activities.
- Importance of economic activities that is very crucial for the decent standards and better quality of life for the humankind.
- Different types of economic activities that form the very backbone of economic relationships with space, time and societies.
- In nutshell, study of this unit may enable you to see the various categories of economic activities right from the primitive upto the emergence of ICT's enabled avocations that helps to transform the nature and character of economy, society and nation alike.

## 3.5 TERMINAL QUESTIONS

1. Briefly describe the classification of economic activities.
2. Elaborate upon the secondary economic activities.
3. Highlight the salient features of quaternary economic activities.

## 3.6 ANSWERS

### Self-Assessment Questions (SAQ)

1. It deals with the various sectors of economy, including primary, secondary, tertiary, quaternary and quinary, etc.
2. (a) Main features of primary activities is to deal with the engagement in the production of raw material or natural resources for further value addition, such as mining and quarrying, lumbering, fishing and agriculture, etc.

   (b) Quinary economic activities are associated with the provision of related services that demands highly specialised knowledge and technical expertise along with pragmatic skills.

### Terminal Questions

1. To answer this question, describe the classification of economic activities and highlight their salient features. Refer to Section 3.2.
2. Define the essence of secondary economic activities in your answer. Refer to Section 3.3.
3. In your answer, discuss and highlight the salient features of quaternary economic activities. Refer to Section 3.3.

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UNIT 4

# ECONOMIC DEVELOPMENT AND DISPARITIES

## Structure



## 4.1 INTRODUCTION

In the previous Units (1, 2, and 3) of this course, you have studied scope and approaches, concepts in economic geography and economic activities, etc. In this Unit, we will discuss economic development and disparity. Economic development and disparities go together with various degrees. Human society has been progressing continuously and traversing various stages of development from primitive to agrarian and to modern industrial and post industrial societies. There has always been an element of diversity present in human societies. But the concept of disparity appeared when the agrarian society got into existence and sedentary agriculture started producing a surplus produce. Later on, the industrial period created a vast disparity in terms of wealth, prosperity and well-being due to its lopsided development across the world.

Now, no development or economic development can be imagined without disparity. The disparity exists in every society to varying degrees. The difference is that in the developed world everyone has the access to the minimum basic needs of that region and the developing or poor regions struggle to achieve the basic minimum needs of people.

We will also discuss here the details of development indicators covering the broad heads of economic (agriculture, industry and employment), social, housing and amenities, infrastructure, health, education and demographic.

Finally, we will try to make you understand the concept of disparity and its spatial extent. All of these are discussed in detail from Section 4.2 to 4.4.

## Expected Learning Outcomes

After studying this unit, you should be able to:

- explain the concepts of economic growth and development;
- discuss indicators of development; and
- describe disparities, regional disparities and measurements of regional disparities.

## 4.2 ECONOMIC GROWTH AND DEVELOPMENT

It is very important to know the concepts of economic growth and economic development. Both these terms indicate the change in the economic situation in some measurable terms. The basic difference is quantitative and qualitative, where growth is quantitative while development is qualitative. Economic growth is measured primarily in terms of an increase in GDP/GNP or increases in per capita income while economic development is seen with reference to economic growth and resulting outcomes in terms of qualitative progress of the entire society, which is measured through a number of multidimensional indicators like per capita income, welfare, social indicators like health, education, gender, equity, etc., and fulfillment of basic needs including food, access to safe drinking water, housing and amenities (fuel, lighting, etc.). It is a qualitative change but in a positive direction.

Development is the translation of available resources into the economic welfare and overall well-being of a country or society adding to further growth. Now economic development is seen holistically through Physical Quality of Life (PQLI), Human Development Index (HDI), Index of Social Welfare, Happiness Index, etc. Measurement of progress has gone beyond traditional methods like HDI and Quality of Life. Now it is also measured with Happiness Index. The difference between growth and development can be understood through the following table:

| Properties | Economic Growth | Economic Development |
|---|---|---|
| Nature | Quantitative | Qualitative |
| Measures | Per Capita Income | Real Income/Living Standards/ Quality of Life/ Education/ Nutrition/ Human Development Index, Gender Development Index, Human Poverty Index, Increased Life Expectancy, Happiness Index |
| Impact | Quantitative change in economy | Leads to qualitative change/ improvements among the people society/ nation |
| Example | i) Growth of a tree<br>ii) Growth of a person (height only) | i) Health of the Tree<br>ii) Overall Health (Healthy) and well being of a person |

The Dictionary of Human Geography defines economic growth as “a sustained increase in the production of goods and services, usually measured at the national level as change in the gross domestic product (GDP) of a country’s economy.” W.W. Rostow indicated economic growth through the progression of society from the traditional society to the age of high mass consumption. The definitions given in various dictionaries of economics in sum are that economic growth is an increase or expansion of output and capacity of an economy with the production of goods and services measured in terms of gross domestic product.

Economic growth is measured in terms of the growth rate of annual gross domestic product or per capita income. Growth may be seen in sectoral terms but economic growth is taken in holistic terms of the combined progress of all sectors of economy. There is negative growth or fluctuating trends also. After industrialisation, economic growth started at a greater pace and due to several factors like technological advancements and human resources, it reached a significant level or surplus level after fulfilling the human needs.

Economic development is also a change and is often taken synonymously with income growth. At present, the difference between economic development and development is also fading away. Because economic development is understood not only in the narrow terms of economic progress but also as overall human progress. This is the resultant out of economic growth leading to economic development and finally transforming into development. However, it is the overall attainment or achievement as the result of income growth and other contributory factors of development measured in terms of indicators discussed in the previous paragraph. Development may be both input and output in the process of economic progression. It may be understood through the changes in the livelihood from the early phase as food gathering and hunting to the modern economic activities and from a primitive way of life to a post-modern way of life as a result of economic progression in terms of development. Though, education and health indicators do not go perfectly along with the growth in per capita income, the need of financial affordability for qualitative outcomes is also a fact. Hence, generally more is the income, the better is the economic development. Economic development has been seen from different views like change in outputs from primary to non-primary (outputs of economic activities up to quinary sector), the transformation from traditional to modern systems; progress in material well-being; eradication of poverty, unemployment and inequality; fulfillment of basic needs of food, shelter, clothing, safe drinking water, sanitation and other basic amenities, health and education, etc.; widening human capability and choices, etc.; to the latest concept of sustainable development, overall well-being and happiness.

Hence economic growth includes only the quantitative aspect of change in income whereas economic development is the change in income with progressive change or transformation of economy and society. As mentioned in the Introduction Section, development was more prominent after the industrial revolution as the industrial revolution accelerated technological advancements for more production. Same way, more production demanded new technological inventions. Society has been progressing with both development and sophistication in technology gradually widening the gap

between the developed and underdeveloped also. The widening gap is further continuing after the liberalisation and globalisation of economy.

The levels of development and disparities are measured through certain indicators. The major indicators are discussed in the following Sections.

SAQ I

Write the difference between economic growth and economic development in one sentence.

## 4.3 INDICATORS OF DEVELOPMENT

**Indicators** are qualitative and quantitative variables. These are used for measuring levels, status or change of any phenomenon. When these are taken from the spheres of economic development, they are called indicators of economic development. Indicators are defined as “statistics that articulate the occurrence of a given phenomenon – its descriptive as well as its normative dimensions. They should emerge from the analytical frame in which the term denoting the phenomena has meaning and relevance” (Kundu, 1980). Justification for the selection of an indicator must, therefore, be sought not through the abstract logic of mathematics but in the underlying theory, which is essentially a conceptualisation of social reality (Kundu, 1980).

It is supposed that the descriptive methods of portraying the social-economic status do not give the relative position of the situation on some measurable yardstick. Brooks quoted by Kundu says that “social indicators are of greater value in planning since they provide information about “the current needs in relation to the national objectives” (Kundu, 1980). Indicators are, then, understood as data of “direct normative interest” that “ultimately make possible better evaluations of what public programmes are accomplishing” (US Dept. of Health, Education and Welfare in Kundu, 1980).”

Variables and indicators are used interchangeably. However, there is a difference. An indicator is that, which indicates something in measurable terms. Whereas variables are said to be absolute values or figures that may or may not have an upper limit like population size. When the population size is converted in relation to a certain denominator like the area where the population resides, it is an indicator in terms of population density per unit area. Similarly, when production is converted into yield per unit, it becomes an indicator. Here production is the total quantity produced in particular land and is a variable, whereas yield is the quantity produced per unit area like per hectare or per acre area. A total literate population is a variable and becomes an indicator when it is converted as literacy rate in relation to the reference population (total population above 6 years of age) in percentage. The number of total literates is a variable but literacy rate becomes an indicator as it tells the percentage of persons literates among the total population above 6 years of age. As per the 2011 Census, the total number of literate persons was 763638812, which is taken as a variable, because it does not have any reference value. When it is converted in percentage terms in relation to the total population above 6 years of age, i.e., 1046339724

(763638812/1046339724*100), it becomes the literacy rate (73 percent). It means out of 100 persons, 73 persons are literates. It indicates a value which is in the range of 0 to 100 and so becomes an indicator, whereas the absolute number just cannot give this kind of measurement.

The reason behind taking an indicator as a measurement of something is that a variable does not necessarily reveal the levels or position or condition of something. For example, a number of the literate population does not reveal the levels of literacy in the associated population until it is converted into literacy rate which tells that 'what is the proportion of the literate population on a scale from zero to hundred in percentage terms.' Similarly, the number of schools available in some areas does not reveal its level of availability or facility until it is converted in terms of either area or more precisely the certain number of population, where there are certain threshold populations decided by the experts for optimum educational facilities of different grades. Similarly, one may not be able to assess the status of the availability of health facilities until the number of hospitals is converted into the number of hospitals or doctors or beds with reference to certain number of population like per thousand or per lakh population. The size of GDP in itself just reveals the size but when it is converted into per capita income, it becomes meaningful in terms of the economic condition of people in terms of their earnings.

As mentioned above, development is measured through certain measurable indicators, which are from various spheres like economic, social, health, infrastructure and amenities and empowerment, etc. Development is also measured through aggregate human development. Human development is perceived as the overall outcome or end goal of development in different spheres. Though in recent times, the Happiness Index is considered to be the true measurement of development irrespective of the levels of material well-being.

We will discuss the commonly used indicators of economic development in further Sections. You should be very clear that in geography we speak about socio-economic development or overall development and not only economic development, as economists do. The concept of economic development is more often restricted to the sense of economic growth only or expansion of the size of GDP and is used synonymously. Britannica defines economic development as the process whereby simple, low-income national economies are transformed into modern industrial economies (https://www.britannica.com/topic/economic-development). However, economic development includes both quantitative as well as qualitative progress with increasing size of GDP and resulting progress of society or nation in terms of gain of terms of per capita income, its improved well-being, and quality of life. Economic development is measured through the lens of the industrial revolution and the modernisation and progression of society from primitive to a modern or post-modern sophisticated one.

These aspects can be measured by multiple factors of development like economic, social (health and education), level of urbanisation and infrastructure, etc. We will discuss different head-wise indicators of development. Some indicators are directly related to economic growth and

development and some are qualitative indicators - the final outcome of economic growth and development.

## 4.3.1 Economic Indicators

The foremost indicator is per capita income using the Gross National Product (GNP) and total population at the national level. It may be used at any level. The economic indicators may be classified by various sectors – like agriculture, industry and service or primary sector, secondary sector and tertiary sector. One common indicator is the value of the output of each sector or the percentage share of each sector in the GDP. It may further be disaggregated by various aspects. The list of sector-wise indicators may be as follows:

***Agriculture:*** Agricultural production per unit area, agricultural output per unit area or per agricultural worker, percentage of net sown area, cropping intensity, percentage of irrigated area, irrigation intensity, fertilizer consumption per unit area, agricultural implements per unit area, use of High Yielding Variety (HYV) seeds per unit area, etc.

***Industry:*** Industrial Production per unit of establishment (industry-wise), industrial output per worker, percentage of workers (main and marginal).

***Service:*** The indicators related to service sectors are from trade, hotels, transport, communication and broadcasting, financial, real estate and professional services, public administration, defense and other services. Some of the indicators from these may be named. For example, the percentage of workers engaged in any of the above mentioned activities, the share of output to total output, or indicators related to availability, accessibility, and service quality, etc. are the indicators. Some of the indicators may be common to the indicators for infrastructure also, which we will discuss under the sub-section infrastructure.

***Employment:*** Employment is one of the important economic indicators, where the status of economic development is measured through employment rates. It is also measured simply by taking the percentage of workers involved in non-primary sectors.

## 4.3.2 Social Indicators

Social indicators are the measures of the final goal of economic development. As development is multidimensional, it cannot be looked at from the perspective of economic growth. Rather it has other dimensions of human progress like education, health, demographic and also the progress in infrastructure and amenities. You will be introduced to these indicators briefly in the following sub-sections.

***Health:*** Since health is defined in terms of complete physical, social, and mental well being and not only the absence of infirmity, we have many indicators of health status from nutrition, morbidity and health care utilisation (promotive, preventive and curative). Measures of nutrition are pathological as well as anthropometric. In pathological measures, levels of haemoglobin in the blood give a status of a healthy or anaemic person. Anthropometric measurements are taken separately for adults and children. Among adults,

Body Mass Index reflects whether an adult is healthy or not. It is measured among children through weight and height with reference to their age. Hence, the indicators may be the percentage of healthy adults or children. Similarly, the percentage of a healthy population free from any ailments or morbid conditions is one indicator of health status. The percentage of the population under any morbid condition opting for the modern source of treatment is also an indicator. The other indicators are the percentage of eligible women undergoing antenatal care, postnatal care, percentage of institutional births, percentage of births attended by trained health personnel, percentage of children immunized, etc. Health indicator also includes the inverse of various mortality rates.

***Education:*** Education is a significant indicator of human progress in modern times. It is also included in human development. The indicators of education are taken in the form of literacy rates (total, male, female and age-wise), total, enrolment rates, etc. The other indicators are related to availability and accessibility, which will be discussed in the infrastructure and amenities section.

## 4.3.3 Demographic Indicators

Demographic indicators are sex ratios (number of females per thousand males), age-specific population (total or gender-wise children population, workforce, old age population, etc.) fertility (total fertility rate or TFR, age-specific fertility rate), mortality (Infant Mortality Rate, Child Mortality Rate, Under 5 Mortality Rate, Maternal Mortality Rate, etc.) sector-wise or category wise workers proportions (main workers, marginal workers, non-workers or population seeking job, work participation rates, cultivators, agricultural labourers, workers in the household industry, other workers, workers in various primary, secondary and tertiary sectors, workers in different work like agriculture, mining and quarrying, animal husbandry and allied activities, manufacturing in households industries, manufacturing in other than household industries, construction works, trade and transport and other services, etc.

## 4.3.4 Indicators of Infrastructure and Amenities

It includes infrastructure and facilities ranging from household to health, education, transport and communication, etc. For example, housing amenities include the percentage of pucca households, housing conditions, percentage of households having access to safe drinking water with various other aspects like within premises, private/public, etc; percentage of households with toilet facility (within/outside premises, personal/public, open pit/septic tank, etc.); percentage of households with electricity connection/percentage of households with gas connection, percentage of households with various assets like motor vehicles, home appliances, etc. The indicators related to health infrastructure are the number of health facilities (dispensaries/hospitals/beds/doctors/nurses, etc.) by a certain number of population, the percentage of habitations by the distance of health facilities, etc. The indicators related to education are similar to the health indicators in terms of numbers and distance. The transport infrastructure basically includes the availability and accessibility of transport facilities (land, water and air), and

road/rail length per unit area', distance of facilities from various levels of settlements, etc. The indicators related to information and communication includes the percentage of households having computers, internet, etc., percentage of persons having mobile connectivity with or without internet. These are some of the indicators, while you may find many other indicators.

SAQ 2

What is an indicator of development?

## 4.4 DISPARITIES

The disparity is a concept, which explains a gap or distance between two entities in some measurable aspect. In this unit, we will look into this term from the economic development point of view over the space in the regional framework.

### 4.4.1 Regional Disparities

The gap in the levels of income or development or levels of living, infrastructure and facilities, opportunities, etc. among various regions may be called regional disparity. In simple terms, the situation of regional disparity is that there is no similar situation or condition in two or more regional units in terms of some phenomena or indicators. Regional disparity is also defined as differences in economic performance and welfare between or among various regional units. Uneven regional development is called regional disparity. The other terms are also synonymously used in place of disparity like imbalance, inequality, inequity, differential, gap, etc. We can take simple examples of regional disparity in our country where there are states with very high levels of development like Punjab, Haryana, Delhi, Chandigarh, Gujarat and Maharashtra and the states with low levels of development with a wide gap like Bihar, Odisha, Uttar Pradesh, Jharkhand and Chhattisgarh, etc. Even within states, there are wide disparities, like Western Uttar Pradesh and Eastern Uttar Pradesh. In terms of the Human Development Index, Kerala was at the top followed by Punjab, Himachal Pradesh, Maharashtra, Haryana and Tamil Nadu with the high levels of human development whereas Orissa was at the bottom with Bihar, Chhattisgarh, Madhya Pradesh, Jharkhand, Rajasthan and Uttar Pradesh with the low level of human development in 2011 (UNDP, 2011). The gap between two groups of states is disparity. In another example of state wise per capita income, we can understand the disparity. In the year 2019-20, Goa had the highest per capita income of Rs. 423716 whereas Bihar had the lowest per capita income of Rs. 45071. We can see a wide gap of per capita income between these two states indicating high level of disparity. There are states where this kind of regions with a gap in the levels of development is seen. You have studied at the beginning of this unit that disparity is institutional. It is so because the differences in the capability of transformation of available opportunities or potential into resources and the final outcome of socio-economic progress create and widen disparity. The differences in capability are primarily institutional. It is also a fact, though, that disparity is inherent in the process of Development.

The causes of regional disparity are both- natural as well as human. Natural causes are due to geography and uneven distribution of resources (diversity) and human factors are basically historical (colonial policies of resource exploitation and maximum benefit), institutional in planning, policy making, allocating infrastructure and resources and implementation involving the entire process of planned development. It is also a fact that there exists a paradox as high resource regions have low development and vice-versa as the abundance of resources does not necessarily mean the high development due to institutional factors.

Regional disparity has been a major developmental issue which leads to discontent, unrest, and regionalism. It is the accumulation or clustering of development and fruits of development in some specific areas ignoring others resulting due to restricted growth in some pockets or enclaves at the cost of depriving hinterlands or surroundings. It is in simple terms the accumulation of economic benefits for a handful of people at the expense of others. When it is applied to the regional or spatial context, it becomes a regional disparity. It is devoid of resource scarcity and abundance. Examples are the developed metropolitan areas or city/urban areas and industrial areas at the expense of rural counterparts including resource-rich but poor regions in the country.

DM Smith in 1973 defines disparity as “wide gap in social services and development opportunities or wide variation in per capita income, levels of consumption, infrastructure for development and quality of life or extreme difference in the social life among various regions can be characterized as disparity. Differences in the lifestyle/living standards led by modern science, technology and industry among the people are referred to as inequality. KPM Sundaram defines it as the co-existence of relatively developed and economically depressed states or regions within each state is known as regional imbalances using the term imbalance for disparity.

It is an outcome of unequal social interaction with the process of production and is a prominent factor responsible for poverty and the low growth rate of economy. As KRG Nair says, regional inequity becomes a vicious cycle of cumulative causation.

It is not new and existed in the countries like UK, USA, Canada, France, Netherlands and Sweden in the first quarter of the 19$^{th}$ Century. The gap always remains between and among regions, society and persons due to several factors. However, the minimum level of these is essential at the bottom lying regions, societies or persons for a decent living. Regional disparity has been a major development challenge. In India, there have been interventions to deal with it since the First Five Year Plan. However, it got major impetus from the Third Five Year Plan, which dedicated a separate chapter on Balanced Regional Development, which continued in various Five Year Plans in the form of various plans and strategies. The problem of regional disparity got significant importance in these plans and the interventions were made through the public sector. Large industrial units like Heavy Engineering Corporation, Ranchi; Steel Plants at Durgapur, Rourkela, Bokaro and Bhilai, etc. were established as growth centres in the resource-rich but underdeveloped regions. However, during the post-liberalisation period, the tendency of disparity is towards widening between the developed

and less developed regions due to decreasing importance of public sectors and reliance more on the private sector with the sole motivation of profit-making. Development is taking place everywhere at varying paces but the regional gap or disparity is also widening.

In long run, disparity takes an 'inverted-U' shape from a lower level to a high level of development moving from the status of regional divergence to regional convergence as J.G. Williamson (1965) suggests through his study on regional inequality and the process of national development. The regional disparity is taken care of by the spread effect explained by Gunnar Myrdal (1957) or the Trickle-Down effect suggested by Albert O. Hirschman (1959) in the process of development, where the development spreads or trickles down from the centre of growth to the surroundings or hinterland. In the process, gradually regions converge through spatial integration of the developed core or the centres of growth and the underdeveloped peripheries of the hinterland; and the disparity is minimized. However, the spread effect or trickle-down effect has often been experienced to be weaker than the backwash or polarization effect in some regions where development does not spread and gets concentrated in the growth centres only.

The problem of regional disparity persists across the world with varying magnitude. It is also a fact that it always exists and will exist with regional development. However, the aim is to attain a minimum level of development for a decent living with overall well-being. It is to be remembered that disparity is a relative term. By the time, the lagging behind region catches up in the identified areas, the developed regions move further ahead in the new areas of progress.

### 4.4.2 Measurement of Regional Disparity

The disparity is measured using simple and complex methods. The simple method is the examination of the gap or range between two values or maximum and minimum value of any given indicator (like per capita income) or the composite index of a set of development indicators for two or more observations, like a person/group/society or a geographical entity (administrative unit, area, region, etc.). A set of indicators may be from a sector like agriculture, industry, services, employment, health, education, infrastructure, etc. or combination of diverse indicators. Similarly, a composite index may be constructed to get the levels of overall development combining or condensing all the indicators from different sectors and disparity can be measured using the gap between two values of composite index.

It is also measured using the coefficient of variation, which is seen as the proportion of Standard Deviation to Mean. In other words, the disparity is explained in percentage terms ranging from zero to one hundred, where the bigger value indicates the larger disparity. A gap in the two values pertaining to two regional units can be understood with the unit of the scale of that particular indicator like per capita income in rupees and the difference between two regional units in rupees. However, when several indicators are combined into a single index, they are first made scale-free and it is difficult to understand the magnitude of the gap. Hence, the transformed value of the composite index gives the magnitude of the gap in some fixed measurement

scales, like from 0 to 1. The disparity is also measured and reflected through Gini Coefficient and Lorenz Curve.

SAQ 3

What is disparity?

## 4.5 SUMMARY

In this unit, you have studied:

- The concepts of economic growth and development.
- Indicators of development under the following heads.

  Economic (Agriculture, Industry, Services, Employment), Social, (Health, Education and Demographic), Infrastructure (Housing and Amenities, Health, Education, Transport and Communication), Demographic.
- Regional, social and interpersonal disparities.
- Measurements of disparities.

## 4.6 TERMINAL QUESTIONS

1. What is the difference between economic growth and development? Explain in detail with examples.
2. What are the indicators of development? Discuss various kinds of development indicators.
3. Define disparities and explain the methods of measurements of regional disparities.

## 4.7 ANSWERS

### Self-Assessment Questions (SAQ)

1. Economic growth is quantitative change while development is qualitative progress.
2. Indicators are qualitative and quantitative variables used for measuring levels, status or change of any phenomenon.
3. Disparity is a concept, which explains a gap or distance between two entities in some measurable aspect.

### Terminal Questions

1. Discuss the basic differences between economic growth and development with their contents and examples as given above. Refer to Section 4.2.
2. Define and explain the indicators of development and discuss various kinds of indicators of development. Refer to Section 4.3.

3. Define disparities with various examples and explain various methods of measurement of disparities.

## 4.8 REFERENCES AND FURTHER SUGGESTED READING


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# GLOSSARY

**Concepts** : Concepts are mental images of the thing or event based on direct observation made through own senses, which are common to a group of experiences.

**Diffusion** : The spread or propagation of phenomena (including innovation, ideas, technology, objects and living being or culture) over space (from one place to another) and varying time from one individual or group to another is called diffusion.

**Division of Labour** : Division of labour is the separation of tasks based on specialisation in different stages of work and their allocation to different groups of workers within the labour process within and among firms, regions and countries. The objective is to get specialisation in different tasks and saving time in the processing or performing of tasks.

**Economic** : All the activities humans engage in production, exchange, and consumption of consumer value items.

**Economic Activities** : It refers to all sorts of economic activities which entail production, exchange and consumption.

**Economic Development** : Economic development is qualitative progress with reference to economic growth and resulting outcome, which is measured through a number of multi-dimensional indicators.

**Economic Growth and Development** : Economic growth is quantitative change and is measured primarily in terms of an increase in GDP/GNP or increase in per capita income.

**Geographic Fixity** : When people, goods, ideas and services either remain geographically static at a particular location, it is called geographic fixity.

**Geographic Mobility** : When people, goods, ideas and services make movements over the space, it is called geographic mobility.

**Indicators of Development** : An indicator is that, which indicates something in measurable terms. It is a statistics that articulate the occurrence of a given phenomenon – its descriptive as well as its normative dimensions.

**New Economic Geography** : It refers to a new branch of spatial economies.

**Ontology** : Theories that seek to answer what evolution must be like for knowledge to be possible.

**Primary** : It is concerned with the extraction of resources or products

| | |
|---|---|
| **Economic Activities** | or goods of material and economic value in its original state from the physical environment. Prominent activities are mining and quarrying, lumbering, fishing and agriculture, etc. |
| **Quaternary Economic Activities** | : It refers to the provision of information services related to the service sector industries. It includes acquisition, processing, manipulation and dissemination of information and capital e.g., administrative, financial, insurance and legal services, etc. |
| **Quinary Economic Activities** | : It is another specialised kind of services associated with the tertiary sector of economy, e.g., scientific research and high-level management etc. It requires high level of specialised knowledge as well as technological knowhow and skills on part of the service provider. |
| **Regional Disparities** | : The gap in the levels of income or development or levels of living, infrastructure and facilities and opportunities etc., among various regions may be called regional disparity. Regional disparity is the uneven regional development. |
| **Secondary Economic Activities** | : It refers to the activity which changes the form of resources or products or goods of economic value into consumable commodity. Hence, it involves manufacturing in various forms and scales across the geographies. |
| **Spatial Divisions of Labour** | : It is the organisation of tasks related to the production process in particular geographical areas leading to the concentration of a certain economic sector or specialisation in a particular region with an aim of profit maximization through minimizing production costs and marketing the finished products through supply chain. The examples are the production of hosiery, electronics and business processing (call centres) in the South America and South and South East Asian countries. |
| **Spatial interaction** | : It is the exchange of people, goods, ideas or information between two places, areas or regions. |
| **Tertiary Economic Activities** | : It refers to the service industry, which provides skills, knowledge, and other related services to various stakeholders in the economy. It includes various services like banking, health, education, retail and transportation besides many others. |
| **Territorial Division of Labour** | : It is the increasing division of labour over the space induced by the modern economic growth leading to the specialisation of certain areas or it is the regional specialisation of labour based on the local resource endowments and other factors. |