EDUZONE: International Peer Reviewed/Refereed Multidisciplinary Journal (EIPRMJ), ISSN: 2319-5045
Volume 10, Issue 2, July-December, 2021, Impact Factor: 7.687, Available online at: www.eduzonejournal.com

Nature of Economic Geography and Regional Development in India

Anil Kumar

Associate Professor: Department of Geography, NRS Govt. College, Rohtak–Haryana

ABSTRACT

Research in economic geography on innovation and regional development is a significant and flourishing field of research in India. It has made a significant contribution to the theoretical and empirical advancements of fields that are not associated with Indian research environments. This article demonstrates how the field has developed over the years and how its focus has shifted as a result. It touches on and develops around central academic and societal topics such as deindustrialization, clusters, and regional innovation systems, as well as creativity, green transition, and changing regional development paths. The focus of this article is on the evolution of research environments in India over the past four decades, as well as the progression of research theories, methodologies, and methods, and the ways in which researchers have collaborated with one another on a national and international scale.

Keywords: Economic Geography, Regional Development.

INTRODUCTION

"Economic-geographical position" (EGP) is one of the basic categories of regional studies in India. In addition, it is safe to assume that this is one of the few ideas that first emerged and developed in India, and it is hardly ever applied in any other nations. Numerous studies on regional inequality such as the one referenced in [1] point outs that there are significant differences between the geographical positions of various Indian regions. Even the plans for the socioeconomic development of certain regions take into account the specifics of their geographic locations in one way or another. These documents primarily provide a qualitative characteristic of a region's "favourable" or "unfavourable" economic-geographical position. A favourable location refers to the proximity to a region's major markets, transportation routes, etc., and an unfavourable location refers to a position that is economically and geographically disadvantageous. Despite this, there is not yet a standardised framework available for conducting a quantitative analysis of the category. As a result of advancements in transportation and information technology, the costs associated with interactions between economic agents are currently experiencing a precipitous decline [2]. However, there is still a significant gap between the standard of living in different regions and countries. Furthermore, remote and underdeveloped areas continue to be less appealing to potential migrants and investors. EGP is one of the factors that contribute to the spatial differentiation. An economic-geographical position of a region is a set of spatial relationships between economic agents of this region and external factors that potentially influence regional development. These relationships have historically evolved, but they can change from region to region. In this instance, the primary factor that determines the spatial relationship between two objects is the distance that separates them from one another. Any object that is a part of the space-time continuum has the ability to change its position, with the goal of arriving at the position in space that is optimal for its circumstances. In other words, it is attempting to get to a point where the potential beneficial impact of external conditions would be most favourable for its development, and it is doing so by moving towards that point. The actions of the object can be modelled as a movement in a phase space to a certain stable point, which is called an attractor. This point can be thought of as the goal of the movement. In this context, a favourable EGP is a desirable arrangement of economic agents' positions in space, in which the influence of external factors is maximised to the greatest extent possible. As a result, a regional EGP is a category that is subject to change. Alterations to the location of an object may have a significant effect on the object.

The purpose of this work is to investigate the EGP category and evaluate the (potential) advantages of economic-geographic position in relation to regional development in India. Specifically, this work will focus on India. "EGP" is a probabilistic category, and its potential benefits may or may not be realised depending on the policy of the regional government, the development of the infrastructure, and other factors. In point of fact, it is essential to conduct an analysis of the locational benefits offered by a particular region to various economic agents, such as businesses, employees, and regional economies as a whole, amongst other things. To begin, these benefits are associated with the close proximity of large markets and the availability of those markets. When conducting an empirical analysis of the EGP potential of a

region, dynamic features ought to be taken into consideration. An EGP for a specific region is dependent on the dynamics of economic processes occurring in other regions; for instance, the construction of new roads can cause shifts in the traffic patterns and trade flows that occur in that region. Introducing a dynamic aspect to the concept will result in a significant expansion of the range of applications for the idea [3].

THE ECONOMIC PERFORMANCE OF INDIA

The economic performance of India is critical to the well-being of over one-sixth of the world's population. Cities will play an increasingly important role in India's dynamics of economic growth and human development over the next few decades as the country's population continues to urbanise and more than half of the population moves to urban areas over the next few decades. Because of this, it is more important than ever to develop a scientific understanding of the economic performance of the various regions and cities in India. Using the framework of urban scaling, our earlier research investigated the quantitative characteristics of crime, innovation, spatial density, and a variety of services in Indian cities [2]. This research was conducted using urban scaling. In this part of the study, we expand this analysis to look at regional patterns of economic performance by using information on district and state Gross Domestic Product (GDP). We also make an attempt to conduct a methodical investigation of urban GDP, which is a topic that has captured the attention of Indian cities for a significant amount of time despite the limitations imposed on our research by the presence of pre-existing units of analysis in the data.

There is a large body of research in the field of economics that investigates the factors that determine the performance of regions and the mechanisms behind economic expansion. This body of research identifies a number of significant drivers, some of which include issues related to human capital and its mobility as well as transportation and market access. Agglomeration economies are also included in this list. According to the New Economic Geography, having access to markets, particularly in the form of transportation infrastructure networks, is essential to the development of a region's level of economic output as well as its level of wage competitiveness [3]. This finding has been found to be empirically sound across national contexts, including in developing economies such as China and India [5]. In particular, it has been discovered that economic potential in India is strongly clustered by geography, with the states of Tamil Nadu, Kerala, and Haryana containing the highest concentration of districts that have a high economic potential [11]. On the other hand, the state of Uttar Pradesh contains districts that have a significant economic underperformance. A measure of preferential attachment effects, agglomeration economies in sub-national regions are reflected in increasing economic densities and urbanisation. Agglomeration economies are a measure of what are known as "preferential attachment effects." For example, the concentration of businesses operating within the same industry is both a cause and a consequence of geographically proximate investments in businesses, the creation of local talent pools through string matching, and the realisation of knowledge spillovers; and evidence of such agglomeration effects has been empirically validated across nations. There is evidence that inter-industry urbanisation economies at the regional level give rise to agglomeration effects in India. These effects can be seen in the economy. Human capital is also found to influence levels of productivity through a variety of channels. There is strong evidence available for transmission channels such as the ability created by locally available trained and skilled workforces, knowledge spillovers that enable maximal exploitation of agglomeration economies, and also the possibility of high-quality human capital being able to adjust to longer-term structural changes in the economy. Based on the findings of empirical research, it appears that human capital, specifically education, has been a significant contributor to India's increase in output per worker [6].

NATURE OF ECONOMIC GEOGRAPHY

In the words of Hartshorn and Alexander: "Economic Geography is the study of the spatial variation on the earth's surface of activities related to producing, exchanging and consuming goods and services. Whenever possible the goal is to develop generalizations and theories to account for these spatial variations." With the addition of the concept of "spatial variation" or "areal variation," the nature of economic geography has changed dramatically. In their book Economic Geography, Alexander and Gibson (1979) and Hartshorn and Alexander (1988) claim that "economic geography is the study of areal variation on the earth's surface in man's activities connected to generating, exchanging, and consuming wealth [7]."

DEVELOPMENT OF ECONOMIC GEOGRAPHY

Economic geography is concerned with the geographic distribution of economic activity as well as the variables and processes that influence them. Over the course of the past half century, the field of economic geography has shifted its emphasis from description, or the gathering of facts about production in various locations around the world, to interpretation. Additionally, the field has shifted its focus from environmental determinism to economic determinism. Both

of these shifts can be traced back to the introduction of neoclassical economics into the field of economic geography. This introduction led to the development of important academic fields, such as industrial location theory and regional science, as a consequence of the neoclassical economics' mechanistic assumptions regarding economic man and optimal location. On the other hand, a Behavioral Approach was recently developed with an emphasis placed on the decision-maker [8].

Since Adam Smith, who argued that high overland transport costs in the interior of Africa and Asia' seem in all ages' to have had hindered economic development, economists have been interested in differences in economic activity across regions. This interest dates back to Adam Smith. However, over time, economists' interest in the study of spatial differences in economic activity has gone through cycles of interest and disinterest. Standard trade theory, which is based on comparative advantage, helps to explain how the location of economic activity is affected by the spatial distribution of primary resources (such as land, labour, and water), but it doesn't say much about the interdependence of location decisions made by economic agents, and it doesn't consider in any depth the more specific aspects of physical geography (climate, soils, topography, disease epidemiology) [9]. Standard trade theory was developed in the 19th century and is still widely used today [10].

Neoclassical growth models place an emphasis on the accumulation of physical, human, and technological capital, all of which individually or collectively supplement raw labour and land as factors of production. However, only recent theory (particularly in the work that has been dubbed the "new economic geography") has begun to grapple with location choices and the spatial concentration of industry. Although these more recent theories have made significant contributions to our understanding of why some regions develop more than others and why cities emerge and why they are located where they do, they rarely incorporate the observation made by Smith that differences in economic activity across space are also related to variations in physical geography, which inherently make some places more productive than others at particular points in time. They also do not yet go into depth on the policy of regional development, which refers to the use of economic incentives to attract industry to one location over another. The integration of theories of agglomeration economies, physical geography, and public economics is necessary for the completion of a comprehensive theory of regional development [12-13].

The Evolving Characteristics of Geography

It is essential to emphasise the dynamic nature of a region's geographic advantage, which can shift in response to advances in technology. During the early stages of human civilization, when travel and communication were too expensive to support significant amounts of interregional and global trade, regional advantages stemmed more from agricultural productivity and local transport than they did from access to oceans. Because of this, the beginnings of almost all of the world's great civilizations can be traced back to extremely fertile river valleys, such as those located around the Nile, Indus, Tigris, Euphrates, Yellow, and Yangtze rivers. These civilizations gave rise to high-density populations, which, in subsequent eras, were frequently at a disadvantage because of their geographic isolation from international trade. The economic advantage moved from the eastern Mediterranean and the Middle East to the North Atlantic as the advantages of land-based trade between Europe and Asia gave way to oceanic commerce in the 16th century and later, and as the trade routes to the Americas were discovered. This caused the economic advantage to shift away from the eastern Mediterranean and the Middle East. Because of the high costs associated with transporting coal for use in steam power plants during the 19th century, the location of industrialization projects was almost always determined by their proximity to coal fields [14-16].

Decentralization and Regional Economic Development

The central role that local forces and spatial proximity play in shaping regional economic development has, over the course of the last few decades, increasingly led to the decentralization1 of decision-making in the majority of regions around the world. In point of fact, some nations, such as Italy and Spain, have only relatively recently opted for federalist state structures according to varying degrees of decentralisation. Meanwhile, in other nations, the process of devolution has emerged after a long-standing tradition of centralised government, such as in France, the United Kingdom, and some developing countries. Furthermore, federalist countries like the United States, Australia, and India have experienced a revival of devolution, whereas on-paper decentralised states like Mexico and Brazil have been characterised by a more concrete push towards devolution. As was mentioned, the global trend of authority being transferred from central to sub-national governments (SNG) is intimately connected with economic development. This is due to the fact that policies are increasingly being designed and adopted at the regional level, as a result of the recognition that geography and the local context are important factors in determining the efficacy and sustainability of development strategies. Therefore, decentralised administrations have the ability to design and implement strategies that acknowledge the local cultural and socio-institutional underpinnings of regional economic interactions and behaviour. This capacity empowers decentralised

administrations to better serve their constituents. As a result of this, they are in the position to favour "bottom-up, region-specific, longer-term, and plural-actor based policy action," which is a critically important distinction from traditional top-down development strategies managed at the central level. The relevant literature that studies the links between decentralisation and economic performance conducts the analysis from the points of view of equity and efficiency. This is done so in order to best understand the relationships between the two. In order to analyse the effects that decentralisation has on economic growth in regional areas, we will proceed in the same manner as before [17].

REGIONAL DEVELOPMENT BEYOND GEOGRAPHICAL PROXIMITY

Even if economic development processes are highly localised not all 'locations' are equally able to succeed in the global competitive environment. In point of fact, the pursuit of knowledge and innovation calls for the existence of a favourable environment in order to facilitate the possibility of positive feedback and interactions. Consequently, since local social, political, and institutional settings differ from one another, the types of interactions that occur between local economic actors, knowledge activities, and innovation endeavours also vary. This translates into varying capacities to spark economic development processes across different locations. In other words, physical proximity and co-location between economic agents are not necessary conditions for effectively exploiting knowledge spillovers and for innovation to take place. This aspect of proximity appears to be very significant given that it is the foundation for the concrete and productive exchange of tacit knowledge between agents, which is what ultimately makes knowledge externalities and diffusion effective. Organizational proximity also encourages innovative and interactive learning by supplying agents with common mechanisms and arrangements to manage uncertainty and opportunistic behaviours. This boosts the likelihood of organisational success. Social proximity is a reflection of the embeddedness of firms and workers in informal social relations and networks, the foundation of which is fundamentally trust between individuals. This promotes the dissemination of knowledge and learning through a context that is more communicative than that of impersonal transactions, eliminating frictions and difficulties related to pure market exchanges or permitting the achievement of goals that would not otherwise be realised in the absence of social relationships and trust. Last but not least, the concept of institutional proximity refers to the various mechanisms that are used to coordinate the economy. These mechanisms can range from the formalised legal and regulatory framework to the more informal cultural norms and habits. In this sense, successful innovation and economic performance are both helped along by the development of regional economies. The process of economic development can be illuminated by shedding light on a number of relevant drivers thanks to non-geographical proximity. In addition, these components have a propensity to be combined with one another at the local level in highly context-specific ways, which shape the processes of new knowledge generation, collective learning, and ultimately economic performance. To put it another way, successful innovation and the related economic development typically take place on a regional scale. This is because the systematic and repeated interactions between relevant local actors, which are encouraged by a favourable institutional framework, both shape the innovative capacity of specific regional contexts and allow for the absorption and employment of exogenously produced knowledge in a way that is economically productive. This is something that is highlighted in the literature on the (regional) system of innovation. Therefore, the realisation of a regional competitive advantage based on location-specific and specialised capabilities and competencies that are nurtured by socio-institutional and cultural structures may be able to encourage local economic development. This is because such capabilities and competencies are nurtured by the structures. Due to the fact that such conditions are context-specific, it is extremely difficult to replicate them in different settings. As a result, each location needs to form its own competitive advantage on the basis of interactions that are functional and effective between local economic agents and socio-institutional forces. It is precisely the presence of adequate formal (societal) and informal (communitarian) institutions that promote collective action and favour coordination among local actors that provides the appropriate environment for the stimulation of regional economic development. This environment is necessary in order to provide the appropriate environment for regional economic development to be stimulated. This conceptualization of the institutions that support the process of economic development is not too dissimilar from the institutional and social "proximities" that are necessary for the diffusion of innovation and knowledge. These institutions provide economic agents with context-specific arrangements of collective organisation, problem solving, improved predictability about market behaviour, and most importantly, learning and absorptive competencies. Despite the polarisation in the debate about the role of informal versus formal institutions, with some pointing out the prominence of formal institutions and other highlighting the relevance of informal ones, the interaction and balance between society and community appear to be a key element in shaping the development potential of regions as learning actors. This is the case despite the fact that some people point out the prominence of formal institutions while other highlight the relevance of informal ones. As a result, formal and informal institutions are complementary to one another, offsetting each other's potential negative externalities in the process. These potential drawbacks can manifest themselves in a variety of ways, including a lack of confidence, more expensive conflict resolution, an inability to act collectively, a limited scope of networks, and so on.

It is clear, in light of the research that was examined in this section, that the processes of regional economic development are supported by context-specific social and institutional factors. [Citation needed] [Citation needed] These factors are extremely important because they determine the local capacity to convert knowledge into economic wealth by means of a convoluted set of interactions and practises that are universally agreed upon. Clearly, variations in the quality of such components across space and time may help to determine a geographically uneven potential for economic development across regions, which can lead to growing disparity between various locations. As a result, strategies for regional development should incorporate actions to address the shortcomings of existing institutions. This is certainly not an easy task for policymakers to accomplish for a variety of reasons, some of which include the lack of consensus on 'optimal' institutional arrangements and the fact that institutions are strongly embedded into specific contexts that are also highly path dependent and especially resistant to change. Because of this, it is difficult, for example, to replicate successful institutional forms from one region in different contexts. It also makes it difficult to intervene on institutional malfunctions in a short period of time. In spite of this, when we consider the meso-level perspective as the relevant target for investigation in both theory and policy, this is because we recognise that both innovation and economic development are predominantly regional phenomena, and that social and institutional factors that are specific to a given region play a significant role in shaping either of these phenomena.

CONCLUSION

The purpose of this lesson was to provide a definition for the subfield of geography known as economic geography. According to this definition, economic geography is an active, diverse, and debatable field that investigates the economy using a geographical approach. In the article, the author discussed the ways in which conventional economics and an economic-geographical approach to studying economies are distinct from one another. In order to bring attention to these inequalities, the module developed the core concepts of an economic-geographical approach, which are space, location, and scale. As a result of having concepts such as these and others at its disposal, economic geography is in an excellent position to assist us in appreciating and comprehending the current economic world in all of its complexity.

In many earlier studies, geographers attempted to explain that economic geography is the study of the differences, oddities, and variations that occur between regions on the surface as a result of such activities due to the multi-dimensional and hierarchical development of various economic activities carried out by humans. Information regarding imports and exports is provided to the study of international relations between developed countries and developing countries under its aegis. In addition to primary, secondary, and tertiary production, the field of human economic activities on earth encompasses economic classification, local field studies of resources, and detailed studies of all of these things through a variety of categories of definitions. This broad field of human economic activities on earth spans a very large area. In order to facilitate clear comprehension throughout the entirety of the article.

REFERENCES

[1]. Husain M, 2010, Systematic Agricultural Geography, Rawat Publications (2010).
[2]. John W. Alexander: Economic Geography.
[3]. Khullar, D.R (2014) Economic Geography and practical Geography, Kalyani publisher, New Delhi.
[4]. Maurya, S.D. (2012) Human Geography, Prayag Pustak Bhawan, Allahabad (India).
[5]. Robinson, H. (1979), Economic Geography Third Edition, Macdonald and Evans Limited, Estover, p. 7.
[6]. Roy P.K, 2003, Economic Geography A Study of Resources, New Central Book Agency (P) LTD (2003), IBSN-8173811792.
[7]. Warf, B. (2010), Encyclopedia of Geography, Vol. 4, SAGE Publications India Private Limited, New Delhi.
[8]. Glaeser, E. L. 2005. Urban colossus: Why is New York America's largest city? Working Paper No. 11398. Washington, DC: NBER.
[9]. Hanson, G. H. 2005. Market potential, increasing returns, and geographic concentration Journal of International Economics 67, 1–24.
[10]. Bairoch, P. 1988. Cities and Economics Development: From the Dawn of History to the Present. Chicago: University of Chicago Press.
[11]. Bloom, D. and Sachs, J. D. 1998. Geography, demography, and economic growth in Africa. Brookings Papers on Economic Activity 1998(2), 207–95.
[12]. Clark, G., Feldman, M. P. and Gertler, M. 2000. The Oxford Handbook of Economic Geography. Oxford: Oxford University Press.
[13]. Davis, D. R. and Weinstein, D. E. 1998. Market access, economic geography, and comparative advantage: an empirical assessment. Working Paper No. 6787. Cambridge, MA: NBER.

[14]. Amin A. and Thrift N., 1994. Globalization, institutional thickness and local prospects. Revue d'Economie Regionale et Urbaine Aschauer D., 1989. Is public expenditure productive? Journal of Monetary Economics 28, 177-200. 3, 405-427.
[15]. Audretsch D. and Feldman M., 1996. Innovative clusters and the industry life cycle. Review of Industrial Organization 11, 253-273.
[16]. Azfar O., Kähkönen S., Lanyi A, Meagher P. and Rutheford D., 1999. Decentralisation governance and public services: the impact of institutional arrangements. Working Paper 255, Centre for Institutional Reform and the Informal Sector, University of Maryland.
[17]. Azzoni C., 2001. Economic growth and regional income inequality in Brazil. The Annals of Regional Science 35,133-152.