

Quadrant II – Transcript and Related Materials

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Module Name	: Introduction to Location Theories
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Notes

Introduction

Economic activities are basis for survival & material prosperity. Different occupations are practised in an area as per the need of the people, availability of resources, preference of the individuals & legal obligations of the government in the region. The degree & magnitude of these economic activities is the result of favourable physical, economic, socio-cultural & technological conditions. The set of such bases varies with space and time causing areal differentiation to produce frame for spatial organization of human activities. Similar spatial organization may develop alike economic activities in the specified region.

Why Locational Theories?

- Location theory addresses the questions of what economic activities are located where and why.
- Under the presumed conditions, the mode of development of activities is monitored to deduce basis upon which activities progresses.
- The location of economic activities can be determined on a broad level such as a region or on a narrow one like neighbourhood, city block, or an individual site.

Types of Locational Theories

Depending on kind of economic activities, different locational theories were put forth

- a. Theories of agricultural location
- b. Theories of industrial location
- c. Theories of marketing

Theories of Agricultural Location

a. von Thunen's Rural Land Use Theory

The Rural Land use theory also known as Agricultural Location theory was proposed by Johann Heinrich von Thunen in 1826. He based his theory on econometric analysis of the conditions observed in his estates in Mecklenburg, Germany. It aim to show how & why agricultural land use varies with distance from market and indicate variation in the intensity of production of a particular crop.

b. Sinclair's Land Use Pattern

Robert Sinclair put forth an alternate land use system to von Thunen model by including the trend of spreading urbanization which influences agriculture in frontier area of the market.

c. Jonasson's Theory of Land Use

Olof Jonasson, Swedish Geographer, modified von Thunen model relating to the economic rent of land in relation to market & means of transportation in 1925.

Theories of Industrial Location

a. Alfred Weber's Theory of Least Cost Location

The theory was put forth in 1909 by Alfred Weber, a German Economist, by taking nature of raw material, transport & labour cost into account for most profitable location of industries.

b. August Losch's Theory of Economics of Location

August Losch proposed this theory in 1939 which explain size & shape of the market areas within which a location would command the largest revenue.

c. Walter Isard's Theory of Substitution

This theory was forwarded in the year 1956 wherein Isard attempted to modify Losch model by adopting the principle of substitution.

d. Smith's Theory of Industrial Location

Also known as Area - Cost Curve Theory, Smith attempted to point profitable location by including varying processing cost.

e. Rawstron's Theory of Industrial Location

The theory stresses on geographical element to understand locational dynamics of the industries and underline the principle of least cost for profitable industrial location.

Theories of Marketing

a. Central Place Theory of Walter Christaller

This famous theory was proposed in 1933 by German scholar Walter Christaller which deals with the development of central places with respect to different services. Christaller tried to identify central places by adopting K3 (market), K4 (transport) & K7 administrative) principles.

b. Spatial Marginal Profitability Theory of August Losch

The theory is dealing with profitable location of an enterprise within a specific geographical margin. Author says that beyond the identified limit, the business activity will go under loss as the cost in this area will exceed over profit.