SHIVAJI UNIVERSITY, KOLHAPUR
CENTRE FOR DISTANCE EDUCATION

Geography
(From Academic Year 2013-14)

Paper-I & II

For

B. Com. Part-I

Semester - I & II
1.0 Objectives

By the end of this unit, you will be able to-

- Define commercial geography and explain it’s nature.
- Describe the scope of commercial geography
- Discuss the commercial activities
- Explain the importance of the study of commercial geography
- Know the meaning of sustainable Development.
1.1 Introduction

From ancient times, geography has been popularly known for its curious nature. Geography, in the later period, started to study the actions and reactions between man and the various factors on the surface of the earth. In the recent past, geography developed with its different branches such as physical geography, human geography, political geography, economic geography etc. The economic geography is equally an important branch of human geography. The commercial geography is a sub-branch of economic geography.

In this unit, we are going to study the definition, nature, scope and the importance of the study of commercial geography.

1.2 Subject Discussion

The life-style of man has been changing day by day. The people, all over the world are coming closer to each other. The world is becoming smaller and smaller due to development in the transport and communication facilities. There is increasing inter-co-operation and interdependence among the people. It is a fact that geographical conditions cause the unevenness in the productions and man can not live without the exchange of ideas and commodities. Everybody has to agree that no country in the world can produce all the commodities, fulfilling the human needs. At the same time, the present life-style is creating new needs and to fulfill them the production has to be increased. The production originates from environment. Hence, man has to take help of the environment to fulfill his needs.

A competition of the unlimited needs and limited resources has been started in human life. Man is engaged in making available of the resources to a maximum level. This is his biggest economic struggle. A large storage of these resources is in the hands of nature. Therefore, it has become necessary to study the natural resources or wealth. The available resources on the earth are of various types and distributed at different locations. It is needed that the account of such resources should be with man. A separate branch that studies all such matters is called economic geography.

1.2.1 Commercial Geography : Meaning and Definition

Commercial geography is an important branch of economic geography. All kinds of commercial activities are included in the study of it. The activities which are
related to the trade are known as commercial activities. It consists of the production and utilization of commodities, the transport and communication and trade. The commercial activities give more benefits and are closely related to the natural conditions. Hence, their development, directly or indirectly, depends on the natural conditions.

The commercial geography is defined by many scholars-

According to Chisholm, it is an intellectual interest to the study of geographical facts relating to commerce. According to Chisholm, the economic geography may study the influence of geographical conditions on trade. Some geographical factors are necessary to produce any kind of commodity.

According to R.S. Thoman, ‘Economic and commercial geography may be defined as an enquiry into the production, exchange and consumption of goods by people in different areas of the world.’

In short, the economic and commercial geography is the study of factors responsible for production and distribution of various commodities.

1.2.2 Nature of Commercial Geography

For the expansion of the empire, the Britishers began the study of commercial geography as a discipline. After the Industrial Revolution, the Britishers expanded their trade all over the world. They had to collect various kinds of information to make the trade stable. For that matter commercial geography stood as an important subject.

The main purpose of the commercial geography is to study the productions of different regions, their use and trade. This study is beneficial to the economic development. Where are the primary occupations located? Which products are obtained from these occupations? How they are utilized in other industries? And which industrial products are obtained? The study of such questions is done in the commercial geography.

1. Production

The production of goods depends on the environment. The uneven distribution of environment gives rise to the unevenness in the production of goods. The unevenness in the production is clearly noticed in the primary and secondary
occupations. The agricultural productions in hot zone are not grown in the temperate zone. The same situation is found in other primary occupations. This gives rise to the trade. The trade of the products from agriculture, animal rearing, fishing, mining and forestry has to perform. The products obtained from the industries depend on the availability of raw materials. Hence, the unevenness in industrial productions took place. The unevenness in the productions in different occupations become the main reason of the origin of trade. In commercial geography, the efforts are made for the development of commercial activities by collecting the information about the productions in different occupations all over the world.

2. Consumption

The utilization of produced commodities is the consumption. Man uses various commodities to fulfill his needs. The human needs are concerned with the culture and economic status of man. The needs change over time and they indicate the consumption capacity of man. The needs are limited in the backward society. The consuming power and the needs increase with the economic development. The commodities locally produced can not fulfill the human needs. For this reason, trade is carried out. The demand and supply in a particular region is studied with the consumption of that region and the supply is done accordingly which develops trade.

3. Trade

The production and consumption are the bases of exchange. Give and take of commodities is done with the abundance and scarcity of products and consumption attitude. It originates trade. The seller and consumer are the important constituents of trade. The trade is practiced at the local, national and international level. As the nature of trade develops, the region of trade expands. The rate of profit from the trade increases. The retail trade and wholesale trade are the two methods of trade. The wholesale trade is a media between the producer and customer and the retail trade supplies the commodities according to the needs of customer. The retail trade is the last step in the distributional system. In brief, the trade is studied in detail in commercial geography.

4. Transport and communication.

In between the producing region and market, the exchange of commodities carried out through the transport facilities. It becomes very easy to supply a commodity of one region to another by the means of transport. All the regions of the
world are connected to each-other with the transport and communication to handle the distributional system of commodities. The road, rail, water and air routes have been developing all over. The transport has become very fast and safe. The transport cost is being reduced day by day. This changing nature of the transport has made possible, the availability of the commodities at any corner of the world. Therefore the transport has got important place in the study of commercial geography.

5. Services

The commercial process consists of various kinds of services. The help of insurance companies has to be taken to avoid the risks. The banks and financial institutes give economic assistance for the purchase and sale of goods. It is also important to make advertisement of a good, to keep good contacts with different regions through the transport and communication. These are the main services studied in commercial geography.

While studying the above facts the natural environment is also considered in commercial geography. The explanation of the unevenness among the commercial activities can be given with the uneven nature of the factors of natural environment. This indicates the interdependence between the environment and commercial process. Therefore, the explanation of the natural environment is necessary in connection with the commercial processes.

1.2.3 Commercial Geography: Scope

Food, shelter and clothing are the three basic needs of human being. Man fulfills these needs from the surrounding environment. He fulfills his need of food by hunting the animals, catching the fish, collecting the fruits or producing grains from agriculture. He uses cotton, wool, and silk, leaves of trees or leather, for clothing. He constructs house by using stones, bricks, lime, cement, ice, wood etc. In the attempts of fulfilling the needs from the surrounding environment, the hunting, fishing, farming, mining like primary occupations started. Then, the offices, social institutes, educational institutes provided the services as tertiary occupations.

The prosperity of a nation is determined by the level of these three occupations. These occupations and related commodities is the subject matter of commercial geography. Though the study remains the same, it’s content undergoes continuous change. The natural and cultural environment experiences a constant change. The
likings and choices of man also change from time to time and from region to region which creates differences in the production and demand of commodities. We were not known before some fifty years about the terelin or nylon cloths or plastic. But the same commodities have been used by man in his daily life. The change has also occurred in the industries where the old, technically poor machineries have been replaced by new, technically advanced machineries and methods. It clearly shows the dynamic nature of this subject.

The study matter of economic geography and commercial geography is almost same. But these two are different from each other. The difference is in their approaches. The environment and human occupations are considered from economic, point of view in economic geography and trade point of view in commercial geography. The geographers like Huntington, Chisholm, E.B. Shaw, Thomson etc. studied economic and commercial geography in a more specialized manner.

### 1.2.4 Significance of Commercial Geography

The environment influences the development of commercial activities and the nature of these activities changes regionally. We have studied the same in the above discussions. Such kind of study is useful for planning and development of commercial activities. As there is greater importance to such activities today, the study of commercial geography also has got importance. The study has been benefited in the following ways:

1. **Encouragement to Increase the Production**

   The commodity products are obtained from the economic activities. The various commodities are obtained from the primary and secondary occupations. The tertiary and quaternary activities consist of services from which direct commodity products are not obtained, but these services help in the production and distribution process. The nature of production and services is different on regional level. They are abundant at some places and scarce at other. With the help of such information the decisions related to trade can be taken in commercial geography. The development of trade encourages the increase in the production and it helps in the regional economic development.
2. **Search for Markets**

   The regional information of productions helps in searching markets. The regions of plenty, scarcity and specialization of productions are the origins of markets. Such study provides new markets. Their nature is determined from the local level to international level. This information becomes useful in many globalization process.

3. **Motivation to Trade**

   It is acceptable fact that there is no option to the exchange in the modern life style. The trade is standing as the base in the development of all economic activities. Therefore, a competition in the development of trade has been started all over. The production is very much beneficial to trade. The trade may be systematically developed with the help of such information.

4. **Development of Transport and Communication**

   The future of trade depends on the transport and communication system. Unless the transport system is cheap, safe and speedy, the trade can not develop. Therefore, the efficient transport should be associated with competent communication to develop the trade.

5. **Development of Services**

   The trade establishes the relations among the regions. In this connection, the services are developed and employments are generated. The well educated and efficient man power gets employment opportunities. This begins the free movement of man-power. The service sector has been developing all over the world due to the modern life style of man. The countries like China and India have got importance due to their rich human resource.

1.3 **Summary**

   The unevenness in the environment forms the unequal distribution of production which originates the trade. Today’s life-style is changed and the trade has got greater importance. This changing situation is studied in geography. The study of geography has wide scope. It is studied through different branches. Economic geography is an important branch of geography in which the relationship between economic activities and environment is studied.
Commercial geography is a branch of economic geography. The commercial activities and environment are studied in it. Chisholm has defined commercial geography as ‘the intellectual interest to the study of geographical facts, relating to commerce’ In commercial geography, the production, consumption, trade, transport, communication and related services are studied in relation to the environment. The cultural and natural environment influences the commercial activities, which causes the unevenness in the commercial practices.

The study of commercial geography is useful in the development of commercial activities. Due to the development of trade, the production increases and the resources develop. The regional information of consuming commodities is obtained from the commercial geography by which new markets are searched, through which the trade is developed. The transport and communication system becomes efficient and various services develop. Therefore, the study of commercial geography has got greater importance. Such study is undertaken on micro or maso level. The study of commercial geography is done in consideration with a specific commodity product and natural principle.

1.4 Self- learning Questions

A) Multiple choice questions

1. Commercial geography is the branch of ..............
   a) Human geography    b) Economic geography
   c) Political geography d) Physical geography

2. Economic geography is the branch of ........
   a) Physical geography b) Bio-geography
   c) Human geography  d) None of these

3. In which of the following branch, the relation between man’s economic activities and surrounding physical environment is studied?
   a) Geomorphology b) Political Geography
   c) climatology      d) Economic and Commercial geography

4. On which factor the future of trade depends ?
   a) Price b) Transport and communication
   c) Export d) market
5. What is meant by the use of produced commodities?
   a) Import  b) Consumption  
   c) Export  d) Foreign Currency

B) Write notes on-
   1. Nature of commercial geography
   2. Scope of commercial geography
   3. Importance of commercial geography

1.5 Technical words and their meaning

- Economic activities: Human occupations
- Commercial processes: Production, consumption, exchange, transport, communication and related services.
- Region: A small portion of earth’s surface.
- Environment: The natural and cultural condition around man.
- Physical environment: The factors such as location, climate, land, water vegetation and animal life, minerals etc.
- Cultural environment: Man-made conditions, consisting of population society, culture, economic and political situation etc.
- Production: Creation of commodities i.e. agricultural products, forest products, industrial products etc.
- Consumption: Use of commodities.
- Trade: Exchange of commodities and services
- Transport: Movement of commodities and persons.
- Services: Work done on the basis of human knowledge.

1.6 Answers to Self-learning questions
   1) b)  2) c  3) d  4) b  5) b
1.7 Exercise

Answer the following questions in brief.

1. What is commercial geography?
2. Define commercial geography and describe its nature.
3. Discuss in brief the scope of commercial geography.
4. Explain the significance of commercial geography.

1.8 References for further study

2. Date S.P. and Date Sanjiwani (1978) Sugam Vyapari Bhuvidyayan, Narendra Prakashan, Pune.
2.0 Objectives

By the end of this unit you will be able to-

- Explain the concept of resource.
- Understand the nature and types of resources.
- Know the classification and types of resources.
- Suggest the remedies for the conservation of resources.
- Understand major bio-resources and their trade.
2.1 Introduction

In the last unit we have studied the nature, importance and approaches to the study of commercial geography. In this unit we are going to study the concept, nature, importance and classification of resources and the major bio-resources.

2.2 Subject Discussion

The commodity products are obtained from the resources by which the human needs are fulfilled. The production process leads to the economic development of a region. Hence, the resources are known as the basis of human life and national development. The resources are the gift of nature which are unevenly distributed over the earth. At some places they are abundantly available whereas they are very scarce at other places. Due to their uneven distribution, some regions are developed and some are remained backward. Due to such importance of resources, it’s study has got prime importance as well. The study of resources in economic geography has got top priority. An attempt can also be made to study the planning of utilization of resources for the economic development.

2.2.1 Concept of Resources

Before studying the resources, we have to make clear the concept of resource. The resource is generally defined as ‘the medium of fulfilling the objectives’ and ‘the commodities furnishing the human needs.’ On the basis of this, the list of things having importance as a resource could be a long one. We consume different things from morning to night in our daily life. These things should be known as a resource. Similarly, we see number of useful things in the market to which we will have to call them as a resource. This will lead to an endless list. Therefore, we will have to define resource in brief. ‘The factors from which different types of material products are obtained are known as resource.’

The basic factors of producing commodities are natural and hence resource may be defined as ‘the natural factors which have an ability to fulfil the human needs.’ Zimmerman has also given similar type of definition of resource. All the natural or environmental factors are the resources, such as land, weather, water, vegetation, animal life, minerals and sunshine. These factors fulfill the needs of human life and stand as the basis for the economic development.
The resources are wrongly interpreted in practice. Generally, money is known as wealth. The wealth and resource are not identical terms. Practically, money is known as wealth but money, in real sense, cannot be a wealth. Money is used as a medium of exchange. In old age, the goods were exchanged facing number of difficulties. Then a new medium of exchange came into practice in the form of money. We can decide the price of goods in the form of money but the money directly is not able to fulfill the needs. The resources are the real wealth which has got more importance than money. Man utilizes the resources as per his abilities and tries to live his life comfortably. Such human attempts lead to the economic development.

The above discussion shows the importance of resources. It does not mean that the development of a region can take place only due to the availability of resources but it depends on how a man utilizes these resources. This indicates the importance of population along with the resources. The intelligent and efficient population can bring out the economic development with the help of resources. The inefficient population can not utilize the resources properly. The countries like Japan, Germany, U.K. have attained a good development only with their qualitative population. Most of the countries in Africa could not achieve the economic development irrespective of the abundant resources there. Man is the integral part of natural resources but his talent has given him a separate identity. The development has occurred in those places where the resources have got a good help of qualitative population.

2.2.2 Nature of Resources

The resources, being the base of economic development and human life, have got greater importance. The nature of resources is varied. According to Zimmerman, the resources are functional and dynamic in nature. Similarly, they are limited and unlimited; concealed and non-concealed. Due to its varied nature, it is being overused which need to be conserved.

1. Functional nature of resources:

Man utilizes the resources to fulfill his primary needs. The process of such utilization is dynamic and continuous. The need increases with changing the lifestyle of man and to fulfill those, it needs to exploit the resources; which keeps the process of production constant. Hence, it is said that the nature of resources is functional or dynamic. In case of some resources the function stops and its nature remains stagnant and the use of resources in human life stops. We can take an example of agricultural
land which is capable of producing crops. When the land becomes infertile and incapable to produce crops, the function of the land resource stops, its nature remains stationary. It is therefore that the nature of resources is functional or dynamic.

2. **Limited and unlimited nature of resources:**

The resources are limited. The deposits of resources reduce with their daily use and vanish after a specific period. Such resources are called ‘Limiting Resources’. The land, vegetation, animals, minerals are the examples of limiting resources. Such resource are generated very slowly as compared to their speedy use. In case of minerals there is no question of their regeneration which needs to be utilized very carefully. On the other hand, the availability of some resources is unlimited. Though such resources are utilized by man, their regeneration is possible through the process of environmental cycle. These resources are also known as inexhaustible resources. The weather, water, solar energy are the best examples of such resources.

3. **Concealed and non-concealed resources:**

The resources have been available on earth from the ancient times. It’s use is related to the development of science and technology. Man, in old age, was unknown about the use of minerals. He had no knowledge about the energy generated from water. Hence, in old age, the resources remained unused and concealed in nature. Even today, man is unable to develop a technology to generate tidal energy on large scale which is concealed resource. The non-concealed resources help in the development and bring happiness in human life.

2.2.3 **Importance of Resources:**

We have seen that the main source of all kinds of produced goods is resource. Due to the discontented nature of human being the needs of man grow continuously. To meet such needs, man has to increase the production with the use of resources. The population growth and changing life style maintains the constant use of resources. It creates the importance of resources which enlightens the human life. The following points may give the importance of resources.

1. **Fulfillment of human needs:**

The human needs are enormous. The needs grow constantly with time. The increase in population also adds to the number of needs. The grain is produced from
the land to fulfill the need of human diet. The industrial productions are taken by using the minerals. Similarly, water, animals, vegetation and all other resources help in fulfilling the needs of man. Hence, the resources have got greater importance which will increase with growing population in future.

2. **Commodity products:**

The number of commodities are obtained through the use of resources. These commodities are produced from the primary occupations like farming, rearing of animals, mining, fishing, forestry and from different types of industries. The nature of products depends on the availability of resources. The plentiful commodities are produced where there are favourable conditions for the exploitation of resources. The variety in production gives rise to the trade. The development of trade and transport goes hand in hand and human life becomes dynamic.

3. **Employment Generation:**

The resources are to be used for the production of commodities. It gives rise to the occupations which further generate employments particularly in the rich resource-based areas. Such regions attract population. Due to the same reason, the migration of population to the U.S.A. has increased. The development of occupations becomes difficult in the areas of poor-resources where the employments are also delimited. The population tends to migrate elsewhere from such regions. The resources generate the employment which becomes the cause of the development and stability of a region.

4. **Economic Development**

The production is increased with the development of activities. The trade, transport and human services develop with the increase in the productions of different commodities. The value of all commodities and services are measured in money. The rate of development of a region is high where there is availability of resources. Therefore, the resources have greater importance in the economic development.

★ **Questions for self-learning-1**

**Multiple-choice questions**

1. Which of the natural factors have the ability to fulfill human needs?
a) Money  b) Wealth  c) Resources  d) None of the above
2. Which of the following is the limiting resource?
   a) Water  b) Solar energy  c) Minerals  d) Name of these
3. Which of the following is the best example of non-limited resources?
   a) Water  b) Land  c) Vegetation  d) Animals
4. Tidal energy is an example of ............ resource.
   a) Exhaustible b) Limiting c) Concealed d) Non-concealed

2.2.4 Classification of Resources (Types)

The resources are of different types. They are classified on the basis of different criteria. Generally, they are classified as the natural resources and human resources.

On the basis of the objectives of the study; they are classified as-

1. Biotic and abiotic resources:

   In this classification, the resources are grouped on the biological basis. They are also known as living and non-living resources. The factors of resource which can move from one place to another and which have biological growth are known as ‘biotic resources.’ The animals and vegetation are the biotic resources. These two biotic factors have their own life cycles. All other factors of resources such as land, weather, water, minerals, and solar energy are known as ‘abiotic’ or non-living resources. They do not have their life-cycles.

2. Renewable and non-renewable resources

   The resources are constantly used for different purposes. The resources which can be regenerated, replaced and can last for long time are known as renewable resources. Such regeneration occurs due to the natural cycles. The air, water, vegetation, animals and solar energy etc. are the examples of renewable resources. The air is purified by the natural cycle. The hydrological cycle constantly supply water to the earth. The regeneration of vegetation and animals is possible naturally and through human efforts. The solar energy is constantly receiving resource. Though such resources are renewable, there is need to keep a balance between their direct use and regeneration.
The resources which can be reproduced neither by nature nor by man are known as non-renewable resources. The deposits or qualities of such resources are reduced with their constant use and even they will be vanished after certain period. The land and minerals are the examples of non-renewable resources. There is need to take care of their planned utilization.

3. Property right

On the basis of property right three types of resources are found.

A) Private resources – These resources are in the hands of individuals or institutions. i.e. land.

B) National resources – Some resources like rivers, minerals, forests are in the hands of a nation.

C) International resources – These resources are not individual or national but they are used for the welfare of the people in the world. i.e. ocean, space etc.

4. Availability –

On the basis of place of availability, four types of resources are found.

a) Space resources – Weather, solar energy etc.

b) Ocean resources – Sea animals, vegetation, minerals etc.

c) Surface resources – Land, minerals, forests etc.

d) Underground resources – Geo-thermal energy, underground water, gases etc.

5. Natural and human resources -

The factors of resources do not change in any of the classifications. The proper and best classification of resources is the Natural Resources and Human Resources. Let us discuss it in detail.

A) Natural Resources

The resources which are originated by nature on the earth are known as the natural resources. These resources have been existing on earth since very ancient times. Their distribution on earth is very uneven or unequal. At some places they are abundant while scarce to some other places. The regions possessing abundant
resources achieve economic prosperity and political supremacy while regions with scarce resources, possess economic and political weakness. The land, air, water, vegetation, animals, minerals and solar energy are the factors of natural resources. The planning and policy is being framed so as to utilize the resources for longer times.

1. Land

Land is a fundamental resource of man. From ancient times, the food-based needs of man have been satisfied by land resource. The proportion of land has been reducing with the increasing population, causing it's increasing importance. Land is productive from which different food grains and industrial raw materials are obtained. The productivity of land depends on it’s fertility which is determined by the aspects such as the slope of land, the ingredients of land and texture of land. If the land is sloppy; the ingredients of the soil, flow away which reduces it’s fertility.

The fertility determines the importance of the land or soil. The land in the river basins and plains is very fertile. The agricultural development is associated with the fertile land and high density of population. The human civilizations originated and developed in the regions of fertile land. The economic importance of land changes with its fertility and with growing population the importance of land is increasing.

2. Air

In the solar system, the existence of air is only on earth. The living organisms are originated and existed on earth only because of the presence of air. The elements of air such as oxygen, carbon di oxide, nitrogen, ozone etc. directly influences the life cycles of living organisms. Hence, air is controlled by the cycles in the nature. The oxygen and carbon di oxide have direct relation with biotic processes. Ozone is our protector. The nitrogen helps the growth of plants. We can produce different products by using nitrogen and hydrogen. They determine the daily routine of human life. The diet and clothing, the talent and efficiency of man are also affected by weather. An air is renewable resource and unlimited resource.

3. Water

The water is another important resource. It is equally important as the air. It is truly said that ‘water is life’. The water is main source of human beings, animals and vegetation. It fulfills the daily needs of man. Similarly, the development of
agriculture, animal rearing, and fishing is determined by the water. The water is used to a great extent for industries, hydle power generation, transport, entertainment etc. The rivers, tanks, lakes, springs and underground water etc. are origins of water. The ancient and modern civilizations are developed near the water bodies. The number of big cities in the world are situated along the rivers or lakes. The development of human life is controlled by the availability of water. The deserts in the world are the good examples of this. The existence of animals and plants depends on the presence of water. Very dense equatorial forests are grown out of abundant water. The complex bio-diversity is found in the wet-lands. The water in the nature is constantly provided through the hydrological cycle. It is an important renewable resource.

4. Vegetation

The vegetation is a valuable gift of nature. A complex bio-deversity is found in the forests which is useful for keeping a natural balance. The number of forest products like wood, honey, gum, fruits, roots, leaves, perfumed materials, medicines etc. are collected from the forests. The industrial raw material is also obtained from the forests. The forests provide the building materials to man. The grasslands are useful for animal rearing and for wild animals. The seeds of grass are used as medicines and to make decorative articles. Hence it is known as a valuable resource.

The natural vegetation also helps indirectly to man. The plants keep balance through oxygen and carbon dioxide cycles. The organic materials are mixed in the land which improves the fertility of the soil due to the vegetation. The air temperature is controlled by the plants. It helps raining and checks soil erosion and improves water-holding capacity. The forests are the habitat of wild animals and the tribals. The forested regions are beautiful which attracts the tourists. They provide the best sites for cinema industry. The educational institutes are also established in such a peaceful and beautiful surroundings. The extension of cultivation, establishments of settlements and industries, construction of transport facilities are the main reasons of deforestation which has created number of problems. Hence, there is urgent need to take care of the forests.

5. Animals

The animal life consists of wild and pet animals, birds, aquatic animals and small creatures. The mutton, milk, eggs, wool, leather, bones, horns, perfumed and
medicinal materials are the important animal products useful for man. The products like mutton, fish, eggs and milk fulfill the food-based needs of man and stand as the alternates for the agricultural products. From other animals, different kinds of materials are obtained. Therefore, the animal rearing and fishing occupations have been encouraged by the government. The economic development is possible through the development of such occupations which is proved by the countries like Australia, New Zealand, Denmark etc. At the same time, due to the increasing importance of animals, their hunting has been practiced on large scale. The excessive hunting has been disturbing the ecological balance. Therefore, it is the need of the day to conserve such rich animal resource.

6. Minerals

The earth is a storehouse of different minerals. We classify those as the minerals and power resources. Similarly, they are grouped as metallic and non-metallic minerals. The iron ore, manganese, boxite, copper, gold, silver nickel etc. are the metallic minerals while phosphate, sulphur, nitrate etc. are the non-metallic minerals. The coal, mineral oil, natural gas, uranium-thorium etc are the important power resources. The different industrial goods are produced by using those minerals and power resources. The industries, other than any occupation, stand as an important media of development. The mineral oil has made the transport revolution in the world. The electricity is generated through power resources like coal, uranium etc. The regions, having mineral-deposits, have got world-wide importance. The regions like Pennsylvania in U.S.A., Ruhr basin in Europe, Urals in Russia, and Chota-Nagapur in India are known to the world only because of their rich mineral reserves. Due to their importance they have been over-utilized. The unplanned exploitation of minerals has been posing a problem of the sharp decline of their reserves. The human life may enter the danger if the minerals are not conserved in time.

7. Solar Energy

The heat received from the sun is known as solar energy. It is the main source of livelihood. The growth of living organisms and their life-cycles depends on the solar energy. This energy is everlasting and universal. With the depletion of minerals on the earth, solar energy will be the only option before man. Therefore, there is urgent need of the technological development in generating solar energy. Though the
experiments of producing electricity, driving vehicles, cooking a food, getting a hot water with solar energy have been undergoing all over, a big success in it has not been achieved. The economically cheap technology in producing the solar energy may bring a new hope in human life and that will release the tensions of conservation of natural resources.

8. Human Resources

Population is known as human resource. Though population is a part of nature, it consists of different characteristics as compared to the natural factors. The size, distribution, growth and composition of population are the important issues but more important are it’s qualitative characteristics. It is not true that big size of population brings the development but it is related to the quality of population. The efficiency, skillfulness, education, mental attitude, talent, patriotism, scientific attitude are the indicators of quality of population. The qualitative population brings out the development by utilizing the available natural resources. The countries like Japan, Germany, U.K. have proved this fact. When the population is less qualitative, it can not utilize the resources properly and keep the nation away from the development. It is noticed from the examples of the countries in tropical zone. The development of any region or nation occurs when the population and natural resources are interlinked properly. Hence, both the resources are very important.

🌟 Questions for Self-learning-2

Answer the following multiple-choice questions.

1. In what type of resource the animals and vegetation include?
   a) concealed  b) non-concealed  c) biotic  d) abiotic

2. What type of resource is land?
   a) human resource  b) natural resource
   c) biotic resource  d) none of these

3. What type of resource is population?
   a) concealed  b) non-concealed  c) natural  d) human

4. The geo-thermal energy is type of ………. resource.
   a) Space  b) Surface  c) Underground  d) Ocean

5. Space is …………… type of resource.
2.2.5 Conservation of resources

The resources are very useful. Different kinds of commodities are obtained from them through which the economic development is achieved. All the countries of the world are making efforts to develop for which they are using the resources at maximum level. Due to the increasing population and advanced technology there has been a greater use of resources. Most of the resources are of limited in nature. Land, water, minerals, vegetation, animals are the limiting resources. The speedy use of resources on the surface of the earth may deplete. It may pose problems before the future generations. For this reason, it has become necessary to use the resources very carefully. A careful and planned use of resources in known as conservation of resources. The term conservation is also used as protection, proper use, careful use etc.

Since the last two centuries, the world population has been increasing with very high rate. Today’s world population is more than 700 crores and the number has been adding continuously. The needs of people increase with the increase in population. The lifestyle of population is also changed. This situation is the cause of the overuse of resources, marching towards the destruction. The limiting resources gave been disappearing or depleting. The land is becoming infertile. The mineral reserves have been reducing. The self-governing cycle of nature of air and water pollution on the living world have been experienced. These are the examples of the misuse of resources. Therefore, there is a need of the conservation of resources. We can suggest the following remedies for that.

1. Land

Land is the most important resource. The primary needs of man are fulfilled by the use of land. Hence it has been used for agriculture from ancient times. The land is becoming infertile due to the reasons like improper farming methods, unlimited use
of chemical fertilizers and pesticides and overuse of water. It has been degrading due to overgrazing and eroded due to deforestation. Taking into consideration the above facts, the following remedies can be suggested to conserve the soil.

1. The terraced framing on hill slopes can be practiced. It increases the water-holding capacity and fertility and reduces soil erosion.

2. The contour ploughing should be done on hill slopes which controls erosion and helps to percolate the water in the soil.

3. The single – crop cultivation leads to the infertility of the soil. Therefore, the crops should be taken alternatively.

4. The land may be kept fallow for certain years of interval to improve the fertility of the soil.

5. By increasing the use of organic fertilizers and limiting the use of chemical fertilizers and pesticides, the fertility is increased and it helps to reduce the water pollution.

6. The legumes may be grown in the soil which helps to supply nitrogen to the soil and enrich it.

7. The mixed farming is beneficial.

8. To avoid overuse of water, the drip or sprinkle method of irrigation should be used.

9. The cutting of forests should be controlled.

10. The trees or grass should be planted on slopes and overgrazing should be restricted.

11. The trees should be planted in such a way that they could check the wind speed and the soil erosion.

12. The small check-dams should be constructed on the streams.

2. Vegetation

The utilization of vegetation or forests has been very fast due to the growth of population, expansion of agriculture, construction of dams and transport routes, mining operations etc. The timeless raining, formation of storms, increasing
temperature etc. are the influences of declining vegetation cover. Therefore, there is need to conserve the forests. The following remedies may be suggested.

1. To stop reckless cutting of forests.
2. To plant the trees and grass on the land wherever possible.
3. To plant the local species at the time of plantation.
4. To plant the trees in the industrial zone to reduce the intensity of air pollution.
5. To plant the trees along the transport routes.
6. To develop the gardens in the settlements.
7. To carry the timbering scientifically and the mature trees should be cut.
8. To make efforts to use gobar gas in spite of using fuel wood for domestic use in rural areas.
9. To practice the animal rearing, considering the capacity to graze the land.
10. To plant good quality grass.
11. To sow the seeds of trees in remote areas through air services.
12. To educate the people about the environment, its importance and conservation.

3. Animals

The products like flesh, milk, eggs, leather, bones, horns and medicinal products are obtained from the wild animals, birds and the aquatic animals. Some animal products have greater demand in the international market. The commodities like horns of rhinoceros, teeth of elephants, poison of snakes, the skin of tiger or lion etc. have big demand. For this purpose some people hunt the animals and earn money by selling these commodities. The fishing is done on large scale. Due to this, some animals, birds are disappearing from the nature affecting badly on food-cycles and creating number of problems. Therefore, there is need to conserve the animals.

The following remedies may be suggested.

1. To put strict legal ban on hunting of animals and birds.
2. To prohibit the trade of the products of wild animals.
3. To develop animal sanctuaries to protect the natural habitat of animals.
4. To establish zoo-plants near the cities.
5. To keep fishing-free zones, fish-breeding zones in certain areas.
6. To generate fish breeding in the tanks.
7. To motivate the farmers for fish-culture in the wet-lands or kharlands.

4. Minerals

The minerals on the earth is the valuable gift of nature to man. The prosperity of human life through industrial development has become possible with the use of minerals and energy resources. The mineral resources are limited and they are not renewable and hence may finish up in the next coming years. Unless we conserve those, the industries, vehicles may stop and the dynamic world may remain stagnant. Therefore we have to conserve minerals. The following remedies may be suggested.

1. To get information regarding the deposits of minerals by the modern satellite survey method and plan their use accordingly.
2. To take the mineral production through modern mechanical methods.
3. To reuse the minerals wherever possible.
4. To use the alternatives like plastic to minerals.
5. To develop the techniques of using the non-traditional energy resources so as to minimize the use of coal and mineral oil.
6. To attempt to increase the use of hydle tower in place of thermal energy.

5. Water

As a resource, water is the most important. The water, an unlimited resource on earth, is available through the hydrological cycle. But the distribution of water on earth is not equal and the rainfall is uncertain. Hence the availability of water on regional level is limited. Major portion of the rain water flows on the earth’s surface and many of the areas do not receive the rainfall round the year. Therefore, care is to be taken to use the available water. The water is becoming scarce due to its overuse in many areas. The water pollution is another serious problem. Therefore, there is need to conserve water. The following may be the remedies to conserve it.
1. To reuse the industrial and domestic waste water for different purposes.
2. To use the industrial waste for producing by-products.
3. To construct small check-dams on small streams so as to percolate the water in the soil and to recharge the water-level.
4. To construct small dams to store water.
5. To construct percolation tanks to percolate the water in the soil.
6. To implement the river-joining projects to provide the river-water from heavy rainfall zone to the low rainfall areas.
7. To undertake experiments of artificial rain in the rainfed areas.
8. To plant the trees on bare-lands to increase the water-level.

2.2.6 Major Bio resources and Their International Trade

Introduction

The natural vegetation and animals are the major biotic recourses. These living organisms stand as one of the important recourses of man. Man is also a biotic resource who with his talent and knowledge utilizes all the resources for his betterment. In this section we are going to study the forest resources and animal rearing as the major bio- resources in the world and their international trade.

1. Forest Recourses

Forest is one of the major resources of human being. In the past, one-fourth area of the world was covered with forest which is sharply declined to only 14 per cent today due to human interference for different purposes. Even then, the forests constitute one of the important resource of man. Forest to a man is a source of food, building material, fuel, light and warmth, fodder for their animals. Not only this but they satisfy their deep-rooted sentiments.

Major Types of Forest

Forests lie mostly in tropical, sub-tropical and temperate zones of the world. They fall under three groups.

1) Tropical Rain forests

They are also known as equatorial forests, evergreen forests or *selves*. They are very thick forests with tall-growing trees.
Region: They are mainly found in Amazon basin in Latin America, Congo basin in Africa, Indonesia, Malaysia in SE Asia.

Species: The rain-forests consists of hard-word species like mahogany, teak, ebony, cedar, rosewood, rubber, oil-palms etc. They cover nearly half the world’s forest area.

Economic Importance

Though the rain-forests are ecologically rich, they are economically not so important as the forests in other areas are. The dense forest cover, swampy land, unhealthy climate, hard, heavy wood; lack of transport, market and labour are the major reasons behind it. But they possess potential economic wealth.

Still at some places the forest-based activities are carried out to a small extent.

1. The lumbering is carried out on a small scale particularly along sea-coast. The tropical forests furnish only 9 percent of the world’s timber supply.

2. Various products, like chicle, balata, wild rubber, nuts, fibers, tanning, medicinal plants are collected from these forests.

II) Temperate Deciduous and Mixed forests

Region: These are found between 10° and 30° latitude in both hemisphere. They cover eastern U.S.A., central Europe, central China, south of Himalaya in India, Pakistan, Myanmar, Laos, Cambodia, Vietnam, coastal areas of South America, Australia, New Zealand etc.

Species: The main species in the deciduous forests are sag, sal, sisam, jamun, wad, pimpal, babhul, chandan, bamboo, mango, rubber, khair, hirda, etc. and oak, chestnut, maple, elm, beech, etc. in mixed forests. The forests in this category are economically very important.

Economic Importance

The temperate deciduous forests are very rich in different products and hence economically very important.

1) The sal, sag, nana are very useful species in the construction of buildings, furniture, small boats etc.
2) The skillful materials and fragrant oils are made from different trees particularly from chaandan trees.

3) Kat is extracted from khair trees.

4) The leaves of tendiu and apta trees are used in bidi industry.

5) A medicinal oil is extracted from nilgiri trees and quinine from cinkona trees.

6) Moreover, various fruits, lac, gum, honey, medicinal plants are other products which are gathered in these forests.

   The forest-gathering industries, lumbering, pulp and paper making industries are found in the deciduous forest areas.

   The mixed forests, too, are economically important. The wood from these forests is used in the constrution of buildings, boats and preparing oils, turpentine, chemicals etc.

**III) Temperate Coniferous Forests**

These forests are economically very important due to the following reasons.

1) One type of specy is found over an extensive area.

2) Methods of production are scientific and modern.

3) Rail and water transport is well developed in the area.

4) Cheap and abundant hydle power is available for lumbering activity.

5) The region is rich and populus where a good local market for forest-products is available.

6) The region is not useful for cultivation of crops. Hence people are mostly engaged in forest-based activities.

7) The conservation of forests is done very carefully in the region.

Due to the above favourable factors, the forest activities in these forests are practiced on large scale. The lumbering, pulp and paper industries and making various wood materials are associated with these forests.
International Trade

The main forest-products those come in the world-market are timber, lac, rubber, pulp and paper. The major timber exporting countries are Brazil, Congo, Malaysia, Myanmar, Thailand, Indonesia, Canada, Russia and Scandinavian countries. Rubber is exported from Malaysia and Indonesia. India is a leading exporter of lac.

These forest products are primarily imported by the European and Asian countries.

Questions for Self-learning-3

Multiple-choice questions

1) Forests are -------- type of resource.
   a) Biotic    b) Abiotic    c) Unlimited    d) Artificial

2) Tropical rain forests are known as ---------
   a) Coniferous  b) Selves  c) Deciduous  d) Taiga

3) In which forests mahogany trees are formed?
   a) Tropical rain forest  b) Deciduous forest
   c) Mixed Forest  d) Coniferous forest

4) Which of the following tree is found in coniferous forests?
   a) Sag    b) Pine    c) Ebony    d) Beech

5) In which forests the lumbering is highly developed?
   a) Equatorial  b) Deciduous  c) Mixed  d) Coniferous

2. Livestock

Introduction

Livestock occupation has been carried out from the beginning of human civilization. In the ancient period, the livestock was a subsistence occupation. In the modern times it has become commercial one. Still today, the subsistence nature of this occupation is found in the backward countries, even in India. Livestock mainly includes cattles, sheeps, goats, and pigs.
**Importance of Livestock**

1. In the agrarian economies, in the under-developed countries, the livestock has prime importance for various agriculture practices like cultivation, transportation of goods etc.
2. Cattle provide us with milk and milk-products.
3. Cattle serve in transport. The bullocks, horses, camels etc. are used in transporting people and various goods.
4. Cattle provide the manure which improves the fertility of the soil.
5. The livestock is used for meat.
6. The hides, skin, bones, teeth etc. are the other products which stand as the important source of income from cattle.

**Distribution Pattern**

The livestock of the world consists of different types of animals- cows, bullocks, buffaloes, sheeps, goats, camels, horses, pigs etc. Their world distribution is ununiform. The climatic differences, availability of water and fodder, market demand for livestock products, technology etc. factors determine their distribution.

**World distribution of livestock**

A) **Distribution of cattles**

The following are the main countries having the cattle population which includes cows and bulls.
Table 2.1: Cattle population in the major countries of the world, 2012

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Country</th>
<th>Cattles (millions)</th>
<th>% to world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brazil</td>
<td>202</td>
<td>14.7</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>175</td>
<td>12.7</td>
</tr>
<tr>
<td>3</td>
<td>USA</td>
<td>96</td>
<td>7.00</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>83</td>
<td>6.00</td>
</tr>
<tr>
<td>5</td>
<td>Argentina</td>
<td>51</td>
<td>3.70</td>
</tr>
<tr>
<td>6</td>
<td>Ethiopia</td>
<td>49</td>
<td>3.60</td>
</tr>
<tr>
<td>7</td>
<td>Sudan</td>
<td>41</td>
<td>3.00</td>
</tr>
<tr>
<td>8</td>
<td>Mexico</td>
<td>33</td>
<td>2.40</td>
</tr>
<tr>
<td>9</td>
<td>Pakistan</td>
<td>32</td>
<td>2.30</td>
</tr>
<tr>
<td>10</td>
<td>Australia</td>
<td>27</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>1372</td>
<td></td>
</tr>
</tbody>
</table>

Source: Internet Service

The number of cattle is high in the developing counties of the world where this occupation is not practiced commercially on large scale. Brazil ranks first in the world in cattle population following India, USA and China. Though the number of cattle is less in European countries, they have a very scientific and modern methods of rearing of animals. Though the African counties have more number of animals, their productivity is less.

The world cattle population is 1372 million in which Brazil and India together accounts for 27 percent share.
B) Distribution of Buffaloes

It consists of he and she-buffaloes.

Table 2.2: Buffalo population-Leading countries, 2010

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Country</th>
<th>Buffalo population (Million)</th>
<th>% to world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>105</td>
<td>56.7</td>
</tr>
<tr>
<td>2</td>
<td>Pakistan</td>
<td>29</td>
<td>15.7</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>23</td>
<td>12.6</td>
</tr>
<tr>
<td>4</td>
<td>Nepal</td>
<td>4.5</td>
<td>2.4</td>
</tr>
<tr>
<td>5</td>
<td>Egypt</td>
<td>4</td>
<td>2.2</td>
</tr>
<tr>
<td>6</td>
<td>Philippines</td>
<td>3</td>
<td>1.8</td>
</tr>
<tr>
<td>7</td>
<td>Myanmar</td>
<td>3</td>
<td>1.8</td>
</tr>
<tr>
<td>8</td>
<td>Vietnam</td>
<td>3</td>
<td>1.8</td>
</tr>
<tr>
<td>9</td>
<td>Indonesia</td>
<td>2</td>
<td>1.00</td>
</tr>
<tr>
<td>10</td>
<td>Thailand</td>
<td>1.7</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>185</td>
<td></td>
</tr>
</tbody>
</table>

Source: Internet Service

The total number of buffaloes in the world is 185 million. They are mainly concentrated in Asian countries while they are almost absent in western countries. The she-buffaloes are milk animals while the he-buffaloes are used in farming activities.

India possesses huge buffalo population. It has leading number in the world sharing more than half of the world (56.7%) followed by Pakistan, China, Nepal etc. The SE Asian countries have 8 percent share of buffaloes.

C) Distribution of Sheeps

Sheep-rearing is another important livestock occupation. Sheeps are reared to obtain mainly wool and meat.
Table 2.3 : Major sheep countries of the world, 2010

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Country</th>
<th>Number (Million)</th>
<th>% to world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>136</td>
<td>12.6</td>
</tr>
<tr>
<td>2</td>
<td>Australia</td>
<td>80</td>
<td>7.4</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>65</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Iran</td>
<td>54</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Sudan</td>
<td>51</td>
<td>4.7</td>
</tr>
<tr>
<td>6</td>
<td>New Zealand</td>
<td>34</td>
<td>3.1</td>
</tr>
<tr>
<td>7</td>
<td>Nigeria</td>
<td>34</td>
<td>3.1</td>
</tr>
<tr>
<td>8</td>
<td>U.K.</td>
<td>33</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Pakistan</td>
<td>27</td>
<td>2.5</td>
</tr>
<tr>
<td>10</td>
<td>Turkey</td>
<td>25</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>1086</td>
<td></td>
</tr>
</tbody>
</table>

Source : Internet Data

The world sheep population is 1086 million. China is the biggest sheep-rearing country in the world with 136 million sheeps which accounts for 12.6 per cent of the world. It follows Australia (7.4%) and India (6%). Before ten years, Australia was the leading country. Iran, Sudan, New Zealand, Nigeria, U.K, Pakistan, Turkey are the other important countries in sheep-rearing

1) Distribution of Goats

The goats are hardy animals that can live on poor fodder even on bushes and shrubs, climb on steep slopes, survive even in high rainfall. Goats are mainly reared for meat.
<table>
<thead>
<tr>
<th>Sr No</th>
<th>Country</th>
<th>Number (Million)</th>
<th>% to world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>149</td>
<td>17.3</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>126</td>
<td>14.5</td>
</tr>
<tr>
<td>3</td>
<td>Pakistan</td>
<td>57</td>
<td>6.6</td>
</tr>
<tr>
<td>4</td>
<td>Bangla Desh</td>
<td>56</td>
<td>6.5</td>
</tr>
<tr>
<td>5</td>
<td>Nigeria</td>
<td>54</td>
<td>6.3</td>
</tr>
<tr>
<td>6</td>
<td>Sudan</td>
<td>43</td>
<td>5.00</td>
</tr>
<tr>
<td>7</td>
<td>Iran</td>
<td>25</td>
<td>2.9</td>
</tr>
<tr>
<td>8</td>
<td>Ethiopia</td>
<td>22</td>
<td>2.5</td>
</tr>
<tr>
<td>9</td>
<td>Mangolia</td>
<td>20</td>
<td>2.3</td>
</tr>
<tr>
<td>10</td>
<td>Indonesia</td>
<td>15</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>864</td>
<td></td>
</tr>
</tbody>
</table>

Source: Internet Data

China is the largest goat-keeper in the world which has 17 per cent of the world’s goat population. India (14.5%), Pakistan (6.6%), Bangla Desh, Nigeria, Sudan, Iran are the other important goat keeping countries.

Livestock – based Industries

Various industries related to livestock have been carried out in the world. The following are the major livestock – based industries.

1) Meat Production

This industry is mainly developed in the non-vegetarian countries. The cattles, swines, sheeps, goats, poultry are the sources of meat. The meat, from the producing areas to the markets is shipped in the form of chilled or frozen meat. Such animals are reared to fulfill the local demand or to export purpose.
Beef Production

Beef of cattles, swine and sheep is the most widely consumed meat in the world, accounting for about 65 per cent of meat production in the world. U.S.A., Brazil, and China are the world’s largest consumer of beef. The world beef production has been increasing. In 1961 it was 11.8 million tons and 273 million tons in 2005.

The per capita consumption is also varied. It is highest in Argentina, 64.6 kg. per head, per annum which is followed by U.S.A.(40 kg) and EU-27 (17 kg). In China it is 53 kg while in India 3 kg only. The following are the major countries of beef production.

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Country</th>
<th>Production in Million Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.A</td>
<td>11.8</td>
</tr>
<tr>
<td>2</td>
<td>Brazil</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>EU-27</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>5.5</td>
</tr>
<tr>
<td>5</td>
<td>Argentina</td>
<td>2.8</td>
</tr>
<tr>
<td>6</td>
<td>India</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source : Internet Data

World Trade

Export: The largest exporters of beef in the world are U.S.A., Brazil, Uruguay, Namibia, India, Somalia, etc. According to U.S. Agricultural Department, India is set to emerge as world’s leading beef exporter. The world export of beef in 2005 was 20.5 million tons.

Import: Gulf countries, Egypt, Algeria, Morocco, China, Korea, Malaysia, Japan are the chief beef importing countries of the world.
ii) Dairying

It is one of the important livestock related occupations in the world. The cows, she-buffaloes, camels, sheeps, reindeers, yaks are the important milching animals. But in the commercial dairy industry the cows and she-buffaloes have greater importance. Dairy industry includes the milk and milk products.

Distribution of Dairy Industry

Dairying is carried out in almost all counties of the world. But it is commercially practiced in few countries. The following are the leading counties:

Table 2.6 : Major milk producing countries, 2012

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Country</th>
<th>Production (Million )</th>
<th>% to world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>122</td>
<td>20.00</td>
</tr>
<tr>
<td>2</td>
<td>U.S.A</td>
<td>89</td>
<td>14.60</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>32</td>
<td>05.25</td>
</tr>
<tr>
<td>4</td>
<td>Russia</td>
<td>31</td>
<td>05.00</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>31</td>
<td>05.00</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>29</td>
<td>04.75</td>
</tr>
<tr>
<td>7</td>
<td>France</td>
<td>25</td>
<td>04.10</td>
</tr>
<tr>
<td>8</td>
<td>U.K.</td>
<td>20</td>
<td>03.28</td>
</tr>
<tr>
<td>9</td>
<td>New Zealand</td>
<td>18</td>
<td>02.95</td>
</tr>
<tr>
<td>10</td>
<td>Italy</td>
<td>12</td>
<td>01.96</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>610</td>
<td></td>
</tr>
</tbody>
</table>

Source: Internet Data

The world production of milk is 610 million m. tons in 2012. It was 510 million m. tons in 2002. The main top countries of milk production are shown in the table. Other than these counties Japan, Poland, Australia, Mexico, Ukraine, Argentina are also important. India is the leading country in milk production in the world. But the per capita, per annum consumption of milk is 0.5 kg. in India.
World trade

The world trade of dairy includes milk, milk products like cheese, butter and milk powder.

Export: The leading milk exporting countries are Germany, France, Netherland, Australia, U.K., Denmark. The main milk powder exporting counties are New Zealand, Argentina, Australia. Butter is exported from Denmark, New Zealand and cheese from New Zealand, Australia and European countries. India is largest exporter of dairy products.

Import: Milk is imported by Brazil, Japan, Russia, and Mexico while U.K., Belgium, Germany import butter and cheese.

III) Wool Production

The wool is another important product of livestock. The sheep-rearing countries of the world produce wool. The countries in temperate zone rear sheeps and they produce wool on large scale. These countries too, have greater local demand for wool. The following are the major wool producing countries.

Wool Producing Countries

The world production of wool, in 2007, was 20 lakh m. tons which is increased to 34 lakh m. tons in 2012. Of course, the wool production is found in those countries where the sheep rearing is on large scale.

The following are the major wool producing countries of the world.

<table>
<thead>
<tr>
<th>Country</th>
<th>China</th>
<th>Australia</th>
<th>N. Zealand</th>
<th>U.K.</th>
<th>Iran</th>
<th>Morocco</th>
<th>Sudan</th>
<th>Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (lakh m.t.)</td>
<td>3.90</td>
<td>3.80</td>
<td>1.66</td>
<td>0.67</td>
<td>0.67</td>
<td>0.55</td>
<td>0.55</td>
<td>0.54</td>
</tr>
</tbody>
</table>

Source: Internet Data

China is the leading wool producer in the world with 21 per cent of world’s share, followed by Australia with 19 per cent. Australia in 1990 was the leading producer of wool which enjoyed the monopoly with 32 percent of world’s wool production when China was in the third position with only 7 precent production. With
in the twenty years, China accelerated it’s production. New Zealand is the third ranking country with 10 percent share.

The other wool producing countries are U.K., Iran, Morocco, Sudan, Argentina, Russia, India etc. Though India ranks third in the number of sheeps (65million) it’s wool production is less due to low quality of sheeps and sheeps are mainly reared for mutton. China, Australia and New Zealand, these three countries together have half of the world’s wool production.

**World Trade**

*Export* :- Australia, China, Italy, India, France, Germany, New Zealand are the main exporters of wool in the world. Australia, a leading wool-producer, has 25 per cent to world market share followed by New Zealand.

*Import* : Though China ranks first in wool production, it consumes 60 per cent of world’s wool. India, Italy, Canada, Germany are the importing countries of wool in the world market.

**Questions for Self learning-4**

**Multiple –Choice questions**

1) Which country possesses biggest cattle population?
   a) Iran   b) China   c) Brazil   d) Australia

2) Which is the leading sheep-rearing country in the world?
   a) Pakistan   b) India   c) China   d) Argentina

3) Which is the leading goat-keeper country in the world?
   a) China   b) Pakistan   c) Iran   d) Australia

4) Which of the following is the buffalo-country in the world?
   a) Pakistan   b) China   c) USA   d) India

5) Which is the landing beef-producing country in the world?
   a) Argentina   b) USA   c) China   d) UK

6) India is the lending country in the world in the production of -------
   a) Milk   b) Wool   c) Butter   d) Cheese

7) Which country produce high-quality wool?
   a) India   b) Australia   c) Pakistan   d) Somalia
8) Which is the largest produce of wool?
   a) China   b) U.K   c) Iron   d) Argentina

2.3 Summery

The environmental factors which have the ability to fulfill the human needs are known as resources. Land, weather, water, animals, vegetation, minerals and solar energy are the resources. The material goods are obtained from the resources, the human occupations develop and the economic development takes place. Therefore, the resources are known as the foundation of economic development. The distribution of resources on the earth is unequal. Those regions develop economically which possess lot of resources. The resources are functional in nature. They are limiting and unlimiting and their use is related to scientific advancement.

The resources have very important place in human life. They are the base of human life. They are classified as biotic and abiotic, renewable and non-renewable, the natural and human resources. All the natural aspects are known as natural resources. Population is known as human resource. The economic development takes place when the resources and population are properly linked. The resources are over-used in the name of development resulting a speedy reduction of resources in nature. The number of problems are created before man and there is no option rather than the conservation of resources. The conservation is done by many ways but the people’s awareness is the real need for conservation.

Along with the conservation of resources, a policy of their utilization should be decided by which environmental balance is maintained and economic development is attained.

The natural vegetation and animals are the major biotic resources. Forests are very important resource of man. Tropical rain forests, temperate deciduous and mixed forests and coniferous forests are the major types in the world. Tropical forests are economically less important while deciduous and coniferous forests are very important. The main forest-products, those come in the world market, are timber, lac, rubber, pulp etc.

Livestock is another important biotic resource which has been practiced from human civilization. It is carried out both on subsistence and commercial level. It consists of cows, bullocks, buffaloes, sheeps, goats, camels, horses, pigs etc. Brazil,
India, USA, China are the leading countries of cattle population while Asian counties like India, Pakistan, China are leading in buffaloe keeping, China, Australia, India are the major sheep and goat keeping countries.

Meat, milk and wool production are the major livestock industries in the world. The U.S.A., Brazil and China are the world’s largest consumer of beef. India, too, is one of the leading exporters of beef. India is leading in milk production and largest exporter of milk-products. Denmark, Netherlands, Germany, France are the major exporting counties of milk-products. China, Australia are the leading nation in wool-production and Australia is the leading exporter of wool.

2.4 Technical words and their meaning

- **Resources** – The environmental factor having capacity to fulfill the human needs i.e. land, water, minerals etc.
- **Exchange** – Purchase and consumption of goods.
- **Functional** – Helping the human actions
- **Limiting** – Reducing due to daily use.
- **Unlimiting** – Not-reducing due to use.
- **Concealed** – Unknown facts about their use.
- **Non-concealed** – Things in use
- **Renewable** – Which are newly regenerated.
- **Non-renewable** – Which are not newly regenerated.
- **Biotic** – Which grow and move
- **Abiotic** – Which do not grow and move.
- **Exhaustible** – Destroyable
- **Solar System** – Sun and its planets, satellites etc.
- **Hydrological Cycle** – Evaporation of ocean water, formation of clouds, raining, flowing of water to the sea and again evaporation – such cycle.
- **Biodiversity** – The diversity in the animal and vegetation life in a region.
- **Water – holding capacity** – Water storing capacity of land.
- **Conservation** – Planned and thoughtful use.
2.5 Answers to the questions of Self-learning

★ Self learning questions-1
A) 1) c  2) c  3) a  4) c

★ Self learning questions -2
A) 1) c  2) b  3) d  4) c
  5) a  6) c  7) d

★ Self learning questions -3
3. 1) a  2) b  3) a  4) b  5) d

★ Self learning questions -4
4. 1) c  2) c  3) a  4) d
  5) b  6) a  7) b  8) a

2.6 Exercise

A) Answer the following questions.
1. Explain the concept of resource.
2. Explain the nature of resource.
3. Give the importance of resources.
4. Give the classification of resources.
5. Why there is a need of conservation of resources?
6. Suggest the remedies for the conservation of resources.

2.7 Exercise

A) Answer the following questions in brief.
1) Give the importance of coniferous forests.
2) State the importance of live stock as a resource
3) Write note on cattle population in the world.
4) Give the distributional pattern of sheeps and goats.
5) Write note on beef production in the world.
6) Write note on milk production in the world
7) Write note on wool production in the world

B) Answer in detail for the following questions

1) What are major types of forests in the world? State their economic importance.
2) Give an account of world distribution of cattles
3) Describe the world distortion of sheeps and goats.
4) Describe the world beef production and it’s international trade.
5) Describe the dairy industry in the world and it’s world trade.
6) Give an account of world distribution of wool and it’s expert-import trade.

2.8 Reference for further study
3.0 Objectives

After studying this unit you will be able to:

- Understand the factors of industrial localization.
- Describe the world distribution of the industries: iron and steel, automobile, cotton textile and petro-chemical.
- Discuss and evaluate the new industrial policies in India.

3.1 Introduction

From the previous units, we have studied the meaning, nature, scope of Commercial Geography and the resources, their meaning and classification and major bio-resources in the world. In this unit we are going to discuss the
manufacturing industries with the factors of localization, four major industries with their world distribution and production and the New Industrial Policies of India.

**Factors of Industrial Localization**

Manufacturing is an essential activity of man. The raw material is transformed into a finished product and redistributed it in different market areas. This process of manufacturing is done in the factory or industry. The industry is not established anywhere but it’s localization is an outcome of number of factors. The following are the main factors of industrial location.

1. **Raw material**

   The industries for which raw materials can not be carried too far, such industries are located in and around the producing regions. The sugar industry in western Maharashtra, jute in West Bengal, iron and steel in Chota-Nagpur region are the best examples of it. On the other hand, textile industry is localized in U.K., Japan where no raw cotton is grown but it is imported from India, Egypt etc. When the raw material is perishable, such industries are localized in the same area. i.e. dairy industry in New Zealand, Netherlands, Denmark, India etc.

2. **Power**

   Cheap, abundant supply of power is an essential factor in the location of industry. The sources of power are coal, oil and water. The countries having the production of these on large scale are great industrial nations. The industrial regions or centers of the world have developed in and around the areas of power resources.

3. **Labour –**

   All factories, big or small require skilled, efficient, intelligent and healthy workers. The western European countries, U.S.A., Japan posses such workers on large quantity and the scarcity of workers in some industries are fulfilled through ‘brain drain’ from developing countries. In recent years, in the countries like India, China, the local workers have been available in the industries.

4. **Transport**

   The localization of industry requires well developed system of transportation including roadways, railways, water ways and airways in modern manufacturing. Transport is essential for supply of raw materials to the industry, and the
manufactured products to the market. The workers from different areas are also to be transported. The transport system is very well developed in U.S.A., Europe, Japan, east China where the industrial development is very high. In India, Delhi, Mumbai, Colkata, Bengluru, Chennai centers are industrially developed where the transport system is developed.

5. Market:

The manufacturing goods require market; internal, local or international. The market for a product depends on the size and quality of population, living standard etc. The automobile industry is well developed in the Western countries and Japan where the consuming power is very high whereas the countries like India and China are big producers of bicycles or two-wheelers.

6. Capital:

The establishment of Industry requires capital. The banking and financial institutions should be developed which can provide capital to the industries. The New Industrial Policy of India and China has been inviting multi-national companies to invest money in industries. In some basic industries like iron and steel, aluminum, the Indian government has provided money.

7. Climate:

The temperate, warm climate stimulates the efficiency of workers whereas in humid, hot climate the workers are not hard working and feel discomfort. The humid climate is required in cotton textile industry and dry climate in woolen industry. Creating artificial climate in the industry increases production cost.

In addition to the above factors essential in the location of industry, the momentum of early start, policy and stability of the government, taxes, favourable or unfavourable legislation, the establishment of research laboratories, the control of patents play an important role in the localization of industries.

1. Iron and Steel Industry

Iron and steel industry is the most basic industry of all manufacturing. The products of iron and steel influences the every aspect of man. They are used in making modern machines, tools, in the construction of roads, bridges, factories, houses, pipelines for various purposes. Almost all activities of man, directly or indirectly are related to iron and steel.
Localisation

The following factors govern the ideal location of iron and steel industry.

1. **Raw material** - Iron ore, manganese, lime stone, dolomite are the important raw materials used in this industry. Being bulky the raw materials used in this industry, the locations of this industry is chosen in areas where these, particularly iron ore, is found.

2. **Power** - The industry needs huge amount of electric power.

3. **Market** - The local or national demand for iron and steel should be more.

4. **Transportation** - To bring raw materials to the industry and to send finished products to the market, transportation, particularly rail transport should be developed.

5. Other factors like skilled labour, water supply, capital, government policy etc. determine the location of this industry.

World distribution of iron and steel industry

The iron and steel industry is very much associated with the developed countries. It requires huge capital and market. Therefore, it’s distribution is very much diverse and truly it is concentrated in the industrially developed countries of the world.

After Second World War, the world production of iron and steel started increasing. In the first half of 20th century, the U.K. had a strong monopoly in its production. Germany was also a competent country to U.K. Then U.S.A, Russia, Japan became the significant producers of iron and steel. In the recent years, China, India, South Koria are also becoming significant producers.

The world production of crude steel in 2012 was 1548 million m.tons. China has surpassed the world countries accounting 46 per cent of world steel production in 2012.
Table 3.1: Leading countries of steel production, 2012

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Country</th>
<th>Production (million m.t.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>716</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>107</td>
</tr>
<tr>
<td>3</td>
<td>U.S.A.</td>
<td>88</td>
</tr>
<tr>
<td>4</td>
<td>India</td>
<td>77</td>
</tr>
<tr>
<td>5</td>
<td>Russia</td>
<td>71</td>
</tr>
<tr>
<td>6</td>
<td>S.Korea</td>
<td>70</td>
</tr>
<tr>
<td>7</td>
<td>Germany</td>
<td>43</td>
</tr>
<tr>
<td>8</td>
<td>Turkey</td>
<td>36</td>
</tr>
<tr>
<td>9</td>
<td>Brazil</td>
<td>35</td>
</tr>
<tr>
<td>10</td>
<td>Ukrain</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>1547</td>
</tr>
</tbody>
</table>

Source: Internet data

**World Distribution:**

1. **U.S.A:** It is one of the leading producers of iron and steel in the world. It ranks third position in the world following China and Japan with 88 million m. tons production. The first iron and steel plant in U.S.A. was established in the year 1875 and in 1886 it surpassed U.K. in the production.

   Close high-grade coal and iron, well developed rail and water transport, availability of skilled and unskilled labour, large market are the major factors of localization of this industry in U.S.A. The following are the main iron and steel producing areas:

i) **Pittsburg – Youngstown region:**

   This is the leading producing region in U.S.A. accounting 1/3 of the total production. Pittsburg, Youngstown, Ohio, Akron, Johnstown, Wheeling are the important steel producing centres in this region.
ii) Lake region:

This region includes Erie, Michigan and Superior lake regions. The main steel producing centres are Bufelo, Cleveland, Toledo, Detroit, Chicago, Gary, Milwaukee and Duluth.

iii) Mid-Atlantic Coast region:

It is an old steel producing region. Today this region produces 13 per cent steel of U.S.A. The main centres are New York, Philadelphia, Baltimore, Betheham, Trenton etc.

iv) Alabama region:

The city Birmingham leads the region which is called as the ‘Pittsburg of South’. Atlanta, Hamilton, Middletown are the other important centres.

2. China

The development of iron and steel industry in China during the last two decades is surprising. The steel production in China in 1952 was 1.35 million m. tons which increased to 25 million tons in 1973 and 290 million tons in 2005. In 2012, China stood as the world’s largest producer of steel accounting 716 millions tons, 40 percent of world’s total. It exported 32 million tons of steel in the world market.

The large deposits of iron ore and coal, big local market, plenty of power are the main factors of the development of this industry in China. The main regions are South Manchuria, Yangaize valley and Hupeh-Shantung region.

3. Japan

It is the second largest producer of steel in the world accounting 107 million tons. The industry is totally based on the imports of iron ore and coal and other minerals from countries like Malayisa, Australia, Phillipines etc.

Yawata in north Kyushu, Tokyo – Kawasaki – Yakohama region, Osaka-Kobe area and Muroran of Hokaido are the main steel producing areas of Japan. It is world’s largest steel exporting country.

4. India:

It ranks fourth in the world in steel production accounting 77 million m.tons in 2012. Jamshedpur, Bokaro, Asansol, Durgapur, Rurkela, Bhilai, Bhadravati, Vijaynagar, Barnpur are the important steel producing centers in India.
India produced 35 million tons steel in 2005 which increased to 77 million tons in 2012. But due to the high consumption of steel in the country it imports steel from Japan.

5. Russia:

It is one of the leading iron and steel producing countries of the world. The main areas are i) Moscow-Tula area, an old region with all the bases for the industry. The main centers are Gorki, Voronezh and Tula. ii) The Kuznetsk region in western Siberia with the centers as Novosibirsk, Tomsk, Propopevsk and Barnaul. iii) The central and eastern Siberia as the new area in steel production. Russia produced 71 million tons of steel in 2012. It exported 17.5 million tons of steel in the same year.

6. Europe:

The Ruhr area of Germany, northern France, Luxemberg, GreatBritain are the major steel producing areas of Europe. The iron and steel industry was first started in Great Britain in the world. It has monopoly in the production up to the end of 19th century. The inland region and coastal region are the two main areas of concentration of steel industry. Derby, Nottingham, Yorkshire, Birmingham, Cheshire, Sheffield, Salop, Worcester, Swansi, Kardif are the major steel producing centres in G.Britain.

Germany is the leading steel producer in Europe. The Ruhr and Westerworld are the main areas. The main centres are Crefield, Barmen, Essen, Duseldorf, Dormont, Bochum, Luisberg etc. It produced 43 million tons of steel in 2012.

France is third largest producer of steel in Europe. The Lorraine is most important area in France. The Spain, Italy, Poland, Luxemberg are other important countries of Europe.

In Asia, South Koria is another important country while Turkey, Ukrain, Brazil, Canada are also the important steel producing countries of the world.

Iron and Steel Trade

Export: The following are the top five countries exporting iron and steel in 2012.
Table 3.2: Leading exporters of iron and steel, 2012

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Country</th>
<th>Volume (million tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Japan</td>
<td>35</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>32</td>
</tr>
<tr>
<td>3</td>
<td>Ukraine</td>
<td>24</td>
</tr>
<tr>
<td>4</td>
<td>Russia</td>
<td>18</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Internet data

Table 3.3: Main countries importing iron and steel, 2012

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Country</th>
<th>Volume (million tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.A</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Thailand</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Vietnam</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Iran</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Indonesia</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Internet data

2. Automobile Industry.

Automobile industry is one of the main manufacturing industries in the world. It is one of the world’s most important economic sectors by revenue. The automobiles include cars, jeeps, buses, trucks, two wheelers, tractors etc.

The availability of market, power resources, huge capital, advanced technology, government policy, skilled labour are the main factors of localization of this industry.

World Distribution

The Industrial West had the monopoly in the production of automobiles before the First World War. For many decades, the U.S.A. led the world in total automobile
production. In 1929, before the Great Depression, the U.S.A. had 90 percent of the world production of automobiles. At that time U.S. had one car for per 4.87 persons. After World War II, U.S. produced ⅓ of world’s automobiles. In 1980, Japan overtook U.S. and became world’s largest and leading nation in 1994. Japan held this rank until 2009 when China emerged as the leading nation in 1994. Japan held this rank until 2009 when China emerged as the leading nation producing 18.4 million units in 2011. It is significant to note that China produced twice the number of automobiles made by U.S. producing 8.7 million units when Japan was in third place with 8.4 million units.

The world production of cars and commercial vehicles was 54 million in 1997 which increased to 84 million in 2012.

Table 3.4 : Top motor vehicles countries, 2012.

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Country</th>
<th>Motor Vehicles (million units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>13.8</td>
</tr>
<tr>
<td>2</td>
<td>U.S.</td>
<td>10.3</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>9.9</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>5.6</td>
</tr>
<tr>
<td>5</td>
<td>S.Korea</td>
<td>4.6</td>
</tr>
<tr>
<td>6</td>
<td>India</td>
<td>4.1</td>
</tr>
<tr>
<td>7</td>
<td>Brazil</td>
<td>3.2</td>
</tr>
<tr>
<td>8</td>
<td>Mexico</td>
<td>3.00</td>
</tr>
<tr>
<td>9</td>
<td>Thailand</td>
<td>2.5</td>
</tr>
<tr>
<td>10</td>
<td>Canada</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Source : Internet data

General Motors, Volswagen, Toyota, Hyundai, Ford, Nissan, Chryster are the top companies of automobiles in the World.

The following are the leading countries in automobile production.
1. **China:**

   It is the leading country in automobile production. The development of this industry is very recent and surprising. The huge foreign investment in this industry is welcomed by China and the multinational companies took the benefit of China’s big market. By 2012, it produced 13.8 million units. The industry is concentrated in eastern China. The Shanghai, Nanking, Kanton are the major centers.

2. **U.S.A.:**

   It is the second largest automobile producer in the world with 10.3 million units. Developed economy, High living standard, advanced technology, scientific research, availability of power, capital, skilled labours and market are the main factors for the development of this industry in U.S.

   The main producing centers are Detroit, Chicago, Bufelo, Indianapalis, Kansa city. The General Motors, Ford, Chryster are the famous automobile companies in this country of which GM is the world’s leading company.

3. **Japan:**

   It is the third largest producer of automobiles in the world with 9.9 million units in 2012. From 1980 to 2005 Japan remained as the leading nation when China surpassed the production. The real development of this industry in Japan started from 1958.

   Tokya, Yakohama, Heroshima, Osaka, Nagoya are the important counters. Nissan, Toyota, Honda are the world famous motor companies of Japan. Cheap, attractive, light-weight motors of Japan have extensive world market. Japan is the leading exporter of automobiles in the world.

4. **European Countries**

   Germany, Britain, France, Italy are the important countries in Europe, producing automobiles. Germany produced 5.6, Britain 1.6, France 3.1, Spain 2.7, Italy 1.2 million automobiles in 2012. The Austin, Moris, Standard, Rolsrice, Delmer are the famous companies in Britain which produces 80 percent production of Britain. Britain exports automobiles to U.S., Canada, Australia etc.
Germany is World’s fourth largest producer of automobiles. The Mercedes, Volswagon, Opel, Delmer are the famous companies in Germany. Nureenberg, Munich, Dusseldorf, Kolon, Kromen, Stutgaurd are the major centers.

France is also an important automobile country where Peugent citren, Renault are the famous companies. It exports automobiles to U.S. and Australia. The other countries in Europe are Italy and Spain.

5. India:

It is the 6th largest producer of automobiles in the world with 4.1 million units of production. The following type of motors were produced in India, in 2005.

**Table 3.5: Production of different Vehicles in India, 2005.**

<table>
<thead>
<tr>
<th>Motor Type</th>
<th>Production (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Passanger Cars</td>
<td>121500</td>
</tr>
<tr>
<td>2. Multiutility Vehicles</td>
<td>3900</td>
</tr>
<tr>
<td>3. Commercial vehicles</td>
<td>20000</td>
</tr>
<tr>
<td>4.Two wheelers</td>
<td>256.800</td>
</tr>
<tr>
<td>5. Rikshaws</td>
<td>51500</td>
</tr>
</tbody>
</table>

India produced 5700 vehicles in 1951 which increased to 94000 in 1973, 2 million in 2005 and 4.1 million in 2012. It shows a tremendous progress in this industry after 2000. Mumbai, Delhi, Colcatta, Chennai, Hyderabed, Bengluru, Mysore, Jamshedpur, Faridabad, Chandigarh are the main centers in India.

India, after 2000, is exporting automobiles to the Asian and African countries. India itself is a big market of vehicles. It is estimated that India would be the 3rd largest automobile market by 2016.

3. Cotton Textile Industry

The production of cotton textile is an age-old occupation of man. The handmade small scale occupation transformed into industry after the Industrial Revolution in Britain. In 19th century the cotton textile industry expanded in Europe, U.S.A. and Japan and further expanded over the countries of the world.
The cotton textile industry includes all the related processes in producing cloth. The following factors affect the localization of this industry.

1. The natural or artificial humid climate should be in textile mills.
2. Plenty of water is required in the various processes of textile making.
3. The industry requires large amount of energy obtained from various sources.
4. The efficient and skilled labour force is required to produce good quality textile.
5. The development of good rail or road transport is must for various related activities.
6. A good national or international market for textiles should be there.
7. Textile industry requires huge capital.
8. Other than these factors, use of modern techniques, excellent management, availability of raw cotton is required to localize this industry.

**World Distribution**

The cotton textile industry is distributed over the number of countries in the world. But it is concentrated in U.S.A., Britain, Japan, China, India, Pakistan and Russia. Let us have the details of it.

1. **United States of America**: After the downfall of the textile industry in Britain, the U.S.A. took lead in production. Today, it is the leading country in the world in the production of cotton textiles. The industry is concentrated in two areas:
   
   a. **New England Region**: This is the old and important cotton textile producing region in U.S.A. The main centers are Fallriver, Bostan, New-Bedford, Holiyak, Lowrence and Providance.

   b. **South U.S.A.**: This is the cotton producing area consisting the states of North Carolina, South Carolina, Jorgia and Tenessee. Columbia, Atlanta, Augusta, Burmingham, Hostan, Dallas, Oklahoma are the notable textile centers in this region.

   Another, a very big textile center, Philadelphia, is developed in the mid-Atlantic coast. The cotton textiles are exported to the countries in South America.
2. **Japan**: It is the second largest producer of cotton textile in the world. The warm, humid climate, cheap and hardworking labour, advanced technology, supply of hydro-electric power, internal and international market and favourable government policy are the important factors for the development of textile industry in Japan. The textile mills were destroyed in the Second World War but again they were reestablished.

Japan's textile industry is located in three main areas: Osaka sector, Tokyo-Yakohama sector and Nagoya sector. Tokyo, Osaka, Yakohama, Nagoya, Kobe, Kyoto, Hiroshima are the notable textile centers of Japan.

Japan's cotton textile is known for its cheap and attractive fabric. In 1965, the production of textile was 3000 million sq. meters which increased to 3500 million sq. meters by 2000. Japan experts cotton textiles on large scale to the Asian and African countries.

3. **Great Britain**

Britain enjoyed a monopoly in the cotton textile industry up to 1940, for nearly 200 years. Britain's textile industry is based on the total import of cotton from other countries. After the end of colonization, the independent countries started textile mills in their countries which hampered the supply of raw cotton to the industries in Britain. Still, Britain is leading country in Europe producing cotton textile.

The Lancashire, Glasgow are the two important sectors of cotton textiles in Britain. The main centers are Lancashire, Manshester, Oldham, Pristan, Glassgow etc. Britain is exporting cotton textile in a small quality.

4. **India**

The cotton textile is the biggest industry in India. For hundreds of years, India had a large household - handloom cotton textile manufacturing. Today there are hundreds of modern cotton textile mills in the central part of India. Maharashtra, Gujarat and Tamil Nadu are important states in India. Mumbai, Solapur, Nagpur, Ichalkaranji, Bhiwandi, Sangli, Malegaon, Akola in Maharashtra; Coimbatore, Madurai and Chennai in Tamil Nadu; Ahmadabad, Surat, Baroch, Vadodara, Rajkot, Jamnagar, Porbandar, Navasari etc. in Gujarat are the important centers of cotton textiles.

India has decentralized form of this industry. The production is taken from two sectors: mill and power-looms. After 1990, the power-loom has shown a tremendous
progress in producing cotton textiles than mill sector. India ranks third in cotton textile in the world following U.S.A. and Japan. It produced 18000 million sq. meters of cloth by 2000. It exports cotton cloth to Europe, middle-east and some Asian countries.

5. Other Countries.

In Europe, France, Belgium, Netherlands, Germany, Poland have good development of cotton textile industry. In Asia, China, Pakistan are very important. They have very modern industries. Shanghai in China is very important area. Mexico, Latin American countries, Australia, Russia have new modern mills.

4. Petro-Chemical Industry

The petro-chemical industry is the most important industry in chemical sector. The industry is very diverse, producing the commodities as dyes, plastics, explosives, synthetic rubber, synthetic fibers, soaps and detergents heavy chemicals which constitute raw materials for several industries. The industry is totally based on the availability of mineral oil and natural gas. These industries are also localized on the coastal areas where the oil is imported. The industry requires huge capital, skilled labor, electric power, good transport facilities.

World Distribution.

The distribution of this industry is found in very few countries of the world.

1. U.S.A. : The petro-chemical industry in U.S. is located near the coastal area. Philadelphia, Chicago, Todelo, Los-Angelise, Sanfrancisco are the important centers of the industry. Since the demand for the petrochemical products is high, raw materials are locally available, the industry in this country is very much developed.

2. Canada : Various chemical products of domestic use are produced in this country. Petrolia, Ontario, Abraham Gesner are the important centers of this country.

3. European Countries : In the industrially developed countries, U.K. Germany, France, Italy etc., this industry is developed. Though the oil and natural gas in U.K. is produced satisfactorily, the other raw materials are imported. The important centers are Southampton, Gangmouth, Cheshire.
In Germany, this industry developed after the Second World War. The petroleum and other materials are imported. Frankfurt, Hall, Marl are the notable centers in this industry, France is the third important country in Europe in the development of this industry. Lion, Paris are the major centers in France.

4. **Russia and Adjacent Countries**: Near the Caspian sea the industry is concentrated. The oil and natural gas in this area is available on large scale. Grozani (Russia), Baku (Azerbaijan), Batum (Jorgia), Kosahaigrel (Kazagstan) are the important centers of perto-chemical products. Moscow, Ural and Volgograd are the newly developed centers in Russia.

5. **West Asia**: The oil countries in Middle-east, Soudi Arebia, Kuwait, Katar have huge oil and natural gas deposits and the petro-chemicals are produced with the technical and financial co-operation of western countries.

6. **China**: In recent years, the petrochemical industry in china is highly developed. It has 16 petrochemical working groups producing various products. In the eastern coast of china the industry is concentrated.

7. **Japan**: The petor-chemical industry in Japan is totally based on the import materials. Tokyo, Nagoya, Osaka are the notable centers, located on the east coast.

8. **India**: The development of this industry in India is very recent. The first perto-chemical industry was established at Turbhe near Mumbai in 1961 in the name of Union Carbide India Ltd. The shell, Hoechst companies entered in National Organic Chemicals. The availability of oil and natural gas in Bombay High region supported this industry near coastal areas of Maharashtra and Gujarat. Thane, Rasayani, Patalganga in Maharashtra, Vadodara in Gujarat, Bongengaon in Assam, Haldia in W. Bengal, Mathura in U.P. are the centers in India.

   In india, the notable perto-chemical companies are-Indian Petrochemicals limited, Hindustan Petroleum Corporation Ltd; Indian oil Corporation, Bharat petroleum Carpo; Reliance Petrochemicals etc.

**New Industrial Policies In India**

To attain a systematic industrial development, the government plans to have a definite policy. The industrial policy is very important in developing the small, medium and large scale industries in different areas. Before independence, India had
no industrial policy and the industrial development also was very poor. But to develop the industrial sector, India declared policies in 1956 and in 1991.

I) Industrial Policy of 1956:

India started Five Year Plans and planned to develop different sectors systematically after 1950-51. India declared its first industrial policy in 1956. The main objectives of this policy were:

1. To make economic development through industrial development.
2. To give preference to new industries.
3. To develop co-operative sector.
4. To make opportunities for employment in the country.
5. To start the heavy and engineering industries.
6. To start the industries in public sector.
7. To motivate the cottage and small – scale industries.
8. To establish the socialistic society in India.

Main Provisions

The following were the main provisions in the industrial policy of 1956.

1. Mixed economy will be developed. Such development should be done in the following three sectors:
   a. Public Sector – The basic industries like atomic energy, iron and steel, aluminum, electricity projects, rail-air transportation, petroleum, coal mining, communication should be run by the government.
   b. Private Sector – The industries like engineering, vehicles, chemicals, medicines, cement etc. should be in the private sector but there will be a control of the government.
   c. Co-operative Sector – The capital for industries may be collected by the people in the form of shares.

2. The government has right to change the nature of industries.
3. The private sector may be given justice or support in providing power, land and money.

4. The cottage industry may be motivated as to create employment and to develop rural sector.

5. Attempts should be made to decentralize the industries so as to keep economic balance in the country.

6. There should be healthy relations between owners and workers in the industry. The workers should be provided good facilities.

7. The workers should be provided the technical and skillful training.

8. The policy accepts the foreign capital in industries.

9. The co-operative principles will be accepted in industries.

10. The freedom in the management of industries in private sector was given in this policy.

**Evaluation of the policy**

The industrial policy of 1956 was elastic in nature. The main aim of this policy was to make India a socialistic country and to accelerate the economic development. But the policy could not achieve its possible aims.

1. Due to the lack of experienced, trained and efficient workers, the expected development of public sector industries was not achieved.

2. More concentration was given to public sector industries than the private sector.

3. More stress was given to big or capital oriented industries which increased unemployment in the country.

4. The cottage and small scale industries were given more attention.

**II) New Industrial Policy of 1991**

The industrial policy of 1956 did not make much positive results. On the background of globalization and privatization in the world there was need to have new policies. India declared new industrial policy in 1991.

The objectives of this policy were:
1. To reform in industries considering the changing national and world-wide situation.
2. To minimize the regional imbalance.
3. To improve the export.
4. To develop the competency through the development in technical knowledge.
5. To make space for privatization.
6. To invite foreign technology and investment.

**Provisions in the 1991 New Industrial Policy:**

1. Foreign Investment – The foreign investment in highly skilled and technical industries will be welcomed up to 51 per cent and such companies can import machineries without any import–taxes.
2. License for new industry: With this policy the license to start any industrial unit, other than public sector units, will not demand the permission.
3. Permission to invite technicians: The highly technical persons can be invited from abroad with the negotiations of government authorities.
4. Reform in expansion law: The expansion of big industries were banned by law but with this policy the government will be liberal in expansion.
5. Public Sector Industries: The industries, other than the national interest and security, may be started in the public sector.
6. Industrial Location: The location of new industry should be 25 kms away from the city, taking care of the environment.
7. The inefficient, sick industries in public sector can be given to the companies in private sector.
8. The government will try to increase the export of industrial goods.
9. The government will be very serious to develop the production in the small scale industries and will make attempts to export such goods.
10. The government will also be very serious about the welfare of the common people in establishing and developing industries.
Evaluation:

This new industrial policy of 1991 was highly criticized.

- India is deviating from socialistic ideology.
- There will be monopoly of multi-national companies.
- The objectives, for which this policy was accepted, will not be fulfilled.
- The policy will create greater regional imbalance.
- The unemployment problem will become serious.
- The small industries will be suppressed due to the release of controls on the big industries.
- The policy is favourable to globalization, by which the multi-national companies will exploit the resources in the country.
- Due to the acceptance of liberalization, the Indian industries will suffer a lot.

Any policy has long-term impacts. Therefore, still the positive and negative, impacts of this new industrial policy have not been realized but they will be seen in coming future.

3.3 Check your progress

Choose the correct option for the following –

1) Which of the following country is leading in steel production in the world?
   a) India b) U. K. c) Russia d) China

2) Which of the following is the leading exporter of iron and steel?
   a) Japan b) U. S. A. c) India d) U. K.

3) Which is the leading country in the import of iron and steel?
   a) Japan b) U. S. A. c) India d) U. K.

4) Which of the following country leads in motor vehicles?
   a) U. S. A. b) India c) Brazil d) Germany

5) Which is the largest auto market country in the world?
   a) Japan b) India c) China d) U. K.
6) Which country is famous for its light, cheap and attractive cars?
   a) U. K.        b) Japan        c) India      d) Brazil

7) Which country has developed its cotton textile industry by importing raw cotton?
   a) Egypt        b) U.S.A.       c) Pakistan    d) Japan

8) Which is the famous cotton textile center in Japan?
   a) Yokohama     b) Tokyo       c) Osaka      d) Kobe

9) In which sector the cotton textiles are produced on large scale in India?
   a) Mill Sector   b) Power loom Sector
   c) Handloom sector d) None of these

10) Which is the leading producer of petrochemicals in the world?
    a) U. S. A.      b) Russia     c) India      d) Pakistan

3.4 Summary

Manufacturing is an important economic activity of man in the present modern age. There is unequal distribution of the development of industries in the world. The power, raw material, labor, transport and communication, water supply, capital, technical aid, government policy etc. are the main factors of industrial localization.

Iron and steel is the basic industry. China, Japan, U.S.A., India, Russia are the leading countries in the production. Japan and China are exporting countries and U.S.A., Thailand, Vietnam are the major importing countries of iron and steel.

The automobile industry is very much developed in rich countries. The total production of cars and commercial vehicles in the world was 84,141,200 in 2012. The leading producers are China, U.S.A., Japan, Germany, South Korea, India etc. China and USA are the world’s largest auto markets.

The cotton textile industry is distributed in U.S.A, U.K., Japan, China, India on large scale. Japan and U.K. imports raw cotton from other countries. All the above counties export textiles. The petro-chemical Industry is a modern industry, developed mostly in U.S.A., France, Germany, U.K., Japan etc. in India, it is in the developing stage.
India declared industrial policies in 1956 and in 1991. The 1956 policy did not make much industrial progress but the policy of 1991 has been doing good progress in the industrial sector along with its demerits.

3.5 Terms to Remember

- Manufacturing - Producing of goods in factories.
- Localization - Establishment
- Policy - A plan for development declared by the government.

3.6 Answers to check your progress

1) d  2) a  3) b  4) a  5) c  6) b
7) d  8) c  9) b  10) a

3.7 Exercise

A) Answer the following questions in brief.
   1) Describe the iron and steel industry in U.S.A./India.
   2) Give and account of cotton textile industry in U.S.A./Japan/India.
   3) Write a note on automobile industry in U.S.A./Japan/India.

B) Answer the following questions in detail.
   1) Describe the factors of industrial localization.
   2) Give an account of world distribution of iron and steel industry / Cotton textile industry / automobile industry / petrochemical industry.
   3) Evaluate the New Industrial Policies of India.

3.8 Reference for further study.

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Unit-4

Transportation and Communication

Structure
4.0 Objectives

4.1 Introduction

4.2 Subject- Discussion
   4.2.1 Transportation and Communication – Significance
   4.2.2 Road Transport
   4.2.3 Rail Transport
   4.2.4 Water Transport
   4.2.5 Air transport
   4.2.6 Mass communication–satellite communication, computer networking

4.3 Summary

4.4 Check your Progress

4.5 Answers to the self learning questions.

4.6 Technical words and their meaning

4.7 Exercise

4.8 References for further study

4.0 Objectives

By the end of this unit you will be able to-
- Understand the meaning and importance of transportation and communication
- Know the world’s road and rail, water and air routes.
- Examine the advantages and disadvantages of types of transportation.
- Know the communication system in the world.
4.1 Introduction

In the last chapter we studied the bio-resources, the production and distribution of world’s forest-products and animal-products. In this chapter we are going to study the major transport routes in the world. We are also trying to understand the satellite communication and computer networking.

4.2 Subject Discussion

The transportation and communication is the tertiary economic activity. With the advancement of human society, the need of transportation and communication increases. Hence it is highly developed in the advanced countries. Carrying of commodities or people from one place to another means transportation. The communication means sending a massage or information from one place to elsewhere or receiving the same from other places. There is no direct exchange of commodities or people in communication but any person can receive all types of information at home.

4.2.1 Significance of transportation and Communication-

The uneven distribution of natural resources, differences in production, globalization, increasing tendency of people towards modern life style have caused a phenomenal change in the transportation and communication system in the world.

The transport and communication play a vital role in the economic development. The development of occupations like agriculture, industries, trade, and tourism depend on the transport and communication system. Therefore, the transport routes are known as the ‘life lines’ of human life. The information from any corner of the world can be received through communication media. The easy contacts and advertisement of goods can be made with the communication. It makes a free movement of human power, which helps in the economic development and globalization.

- Transportation is useful to carry the people from one place to another for various reasons and purposes. It also carry raw materials to industries and provide finished products to the areas of demand. While the communication provides different kinds of services to the people.

- The transportation and communication network system makes a ‘whole nation’ and to a considerable extent the ‘whole world’ into a ‘single market’.

- This system makes a big nation or even a big world into a small territory.
• The countries like India, U.S.A. having greater cultural and natural diversity experience an ‘unity in diversity’ mostly by the means of transportation and communication.

• During the wartime and in the period of natural calamities, this system play a vital role. It is experienced in the Uttarakhand tragedy in July 2013.

• Exchange of goods and services from the surplus areas to deficit areas is only possible through this system which develops trade.

• Regional, national and international tourism development has become only possible because of the means of transport and communication.

• It helps to develop the national and global integrity.

Development of Transportation

The development of transportation in the world has been from a long back. The old and elementary form of transportation was the human porter, pet animals, cart, etc. Thereafter man started using the animals like bullocks, horses, donkeys, camels, elephants etc. for transportation.

In recent days, the transportation is being done by the automatic vehicles which include trucks, motors, railways, ships, boats, aeroplanes, etc.

Types of Transportation
Transportation routes are of four types:
1. Road transportation
2. Railway transportation
3. Water transportation
4. Air transportation

4.2.2 Road Transportation

The stage of economic and social development of a country is related to its extent and nature of the road system. The advanced countries have a well developed network of roads (e.g. North America and Europe) while the underdeveloped countries have relatively low road density (e.g. south America and Africa). In the beginning, the roads were rough and in primary poor conditions. In the recent years, the quality of the roads has been improved.
Advantages of Road Transport

1. Quick transport is possible.
2. Transport of goods becomes smooth.
3. Road transport is suitable in the hilly-mountain region than the railways.
4. It has great flexibility in services (door to door service)
5. For short distance travel, the road transport proves very suitable and faster.
6. In the regions where long hauls are involved, the roads act as feeders to railway lines.
7. Roads are very important for tourism. The tourist centers even in remote areas can be connected.
8. The people, suffered in the natural calamities, can be helped in time through road transport.

Disadvantages of Road Transport

1. The roads have limitations in transporting a big volume of goods.
2. The heavy goods (machinery) can not be transported.
3. The road – damages are frequent particularly in rainy season and the constant maintenance becomes economically very costly.

The factors affecting the development of road transport

The roads are not equally developed all over the world as their development is affected by the following facts.

A) Geographical factors

1. Relief conditions: The development of roads are very much influenced by the relief conditions. The construction of roads in the plain region is less costly and easier i.e. U.P., Punjab, Haryana etc. On the other hand, the hilly-mountainous region limits their development i.e. Himachal Pradesh, NE states of India.

2. Extensive water-logged areas, straits and big rivers. They put limits in the construction of roads railways i.e. Bangla Desh, Assam (width of Bramhaputra river), etc.
3. **Deserts and snow fields**: The road development becomes very difficult and uneconomic in such areas. i.e. the hot deserts, the snow fields of Siberia, Greenland, etc.

4. **Climate**: The climatic regions like hot and cold deserts, heavy rainfall provide unfavorable conditions for the development of roads.

5. **Land**: The fertile soils are associated with the agricultural development, where the road development takes place and reverse is the case of infertile lands.

6. **Dense forest**: The dense forests do not have the development of roads due to the uneconomic and unsuitable situations. i.e. NE India, equatorial forests.

**B) Economic factors**

1. **Minerals**: The road development takes place in the areas of minerals i.e. Chota-Nagpur region.

2. **Industries**: This is an important economic factor affecting the road development. For transporting people, raw material, finished products, etc. the roads are to be developed i.e. Pune, Nashik, Bangalore-Mysore industrial areas.

**The world distribution of roads**

World’s total mileage of roads is more than 150 million Kms. They are not equally developed all over the world. The U.S.A. and European countries have dense network of roads. In the countries like Canada, Russia, China, India, Australia, etc., the roads are also well developed.

The U.S.A. has 6 million km. of road length and it is the leading country in road development in the world. In U.S.A. the largest concentration of roads is in the industrial areas of New England, the Great Lakes and the Atlantic sea board.

In Canada, the southern part is well developed in road transportation due to the favourable climate, fertile land, dense population, industrial development, etc.

In Europe; France, Great Britain, Germany and Netherlands are the notable countries in road development. France, particularly, has the greatest development of roads. Europe constitutes world’s 20% highways. European Russia has high development of roads but east and north Russia has very poor network of roads due to unfavorable climatic conditions.
China, Japan and India, in Asia, have marked good development of roads. The east China, east sea board of Japan and the plain regions of India are the significant areas in road development. India possesses 71 important national highways.

Australia ranks fifth in the world in good quality roads. The SE part of Australia is well developed.

Due to unfavorable relief conditions and climate, dense forests and economic backwardness in south America present less road-development. The eastern Argentina, eastern Brazil, central Venezuela present a good development of roads.

In Africa, due to unfavourable climate, desert area dense forests and economic and industrial backwardness, there is poor development of roads. The parts of Egypt, Kneya, Nigeria and South Africa are developed to some extent.

**Some Longest Roads in the world**

1. **Trans Canadian Highway**: It is the world’s longest road, the length of which is about 7500 Kms. It joins Vancouver to the west and Halifax to the east.

2. **New York- Sanfransisco Highway**: The longest road in the U.S.A. joins New York in the east and Sanfransisco in the west. It connects Chicago, Pittusberg, Omaha cities on the way.

3. **Santiago- Buenos Aires Highway**: The length of this road is 1280 kms which connects Chile and Argentina in South America.

4. **Mascow- Irkutask Highway**: This road in Russia, passes through the sparsely populated area.

5. **Varanasi – Kanyakumari Highway**: This is National Highway no.7 in India, which joins Varansi to the north and Kanyakumari to the south. It is the longest highway in India with 2669 km. of length.

6. **Melbourne- Darwin Highway**: This highway joins Melbourne to the south and Darwin to the north in Australia.

**4.2.3 Railways**

The railways stand as the vital mean of land-Transportation. The rail service in the world started in the third decade of 19th century. But the real development of railway started from 20th century. Today, in almost all parts of the world, the railways are found.
Advantages of railways

The railway service is more beneficial in many ways:

1. The railway transport is quicker than road or water ways.
2. The railways carry a big amount of freight and passengers at one time.
3. Carrying of heavy freight like machinery steel etc. is possible by rail transport.
4. The mining and industrial development is only possible with the development of railways.
5. To carry freight and passengers at a long distance or from one corner to another corner of a country or continent, the railways play a successful role.

Disadvantages of railways:

1. Railways can not be developed in all the areas as it’s development is influenced by the unfavourable climate and relief conditions.
2. The cost of construction is high.
3. The variations in gauge increase the cost of transporting the freight.
4. The door to door service is not possible by railways.

The main factors affecting the development of railways

A. Geographical factors

1. Relief: It is an important factor that influences the development of railways. In the mountainous region, the construction of railways become very costly and difficult i.e. Himachal Pradesh, NE states of India. The plain regions attract the rail.

2. Climate: The unfavourable climatic regions do not attract the rail transport as they are unsuitable and uneconomic too. i.e. very hot (deserts) or very cold (polar) regions. On the other hand, railways are attracted to the favourable climatic regions particularly in temperate zone.

B) Economic factors

1. Mineral exploitation: The railway is the only mean of transport to carry the heavy load of minerals from mining areas to other places. The railways develop at such areas. i.e. Bihar, W. Bengal, Chota-Nagpur region.
2. **Industrial development:** The industrial development is associated with the development of railways. To carry the raw materials to the industries and finished products from it, the railways are must. i.e. western European countries, eastern U.S.A etc.

**World Distribution of Railways**

The railways rank first in tonnage of freight carried. The railways of the world are not only unevenly distributed over the continents but within the continents or countries also. The North America and West Europe have the world’s most dense network of railways sharing 55 per cent of world’s total mileage. There are several other smaller areas of dense networks.

1. **North America**

   The railways in North America are essentially ‘commercial’ in character.

   A) **U.S.A:** The first railway, in U.S.A. was started in 1825, but after 1869, the railway transport started developing. The U.S.A, has 30% of the world’s railways. The total railway mileage in this country is about 3,00,000 kms. The largest concentration is in the industrial areas of New England, the Great Lakes and the Atlantic sea-board. Chicago and New York are the leading railway junctions.

   B) **Canada:** The first rail line in Canada was built in 1835. The total length of rail line is more than 70,000 kms. The southern agriculturally and industrially developed area has a large concentration.

2. **European countries**

   This is another important and dense railway network in the world. European countries are not only the carriers of all kinds of manufactured goods, perishables and passengers but they also handle large tonnages of bulky commodities, such as coal, iron ore and other minerals, chemicals, forests products etc. The railway concentration is mainly confined to Western Europe particularly in the industrialized nations like Great Britain, Germany, France, Belgium and Poland etc.

3. **Russia and adjacent countries**

   They have 14% of the world’s railway lines but their distribution is very uneven. The European Russia is well developed in rail transport, which consists of 80% of Russia’s length. Trans-Siberian Railway is an important rail line. Moscow is the hub of the rail network.
4. **Asia**:

About 14% of world’s railway mileage is in Asia. SE Asia accounts for more than 90% of Asia’s total mileage covering the main countries like India, China, Pakistan and Japan. In India, the first rail started in 1853 between Mumbai and Thane. Today, India has more than 63000 kms. of rail length. The main states are W. Bengal, U.P., Bihar, Maharashtra, Karnataka and Andhra Pradesh.

5. **Railways in other areas**

In Latin America, the countries such as Peru, Argentina, Venezuela and Brazil have good development of railways. Egypt, South Africa, Kenya and Nigeria in Africa are important countries in railway development. The Capetown to Cairo railway route has the length of 14400 kms.

**World’s longest railways**

1. **Canadian Pacific Railway**: It is the most important railway line in Canada with 5600 kms. of length. It is built in 1886 and economically very important. It connects Halifax to the east & Vancouver to the west. The route crosses the Quebec-Montrial industrial region, rich prairie agricultural area and soft wood forests.

2. **Canadian National Railway**: It passes through the central Canada with a length of about 6000kms. It crosses a very rich coniferous forest area.

3. **Union Pacific Railway**: This railway joins the Atlantic and Pacific coast in U.S.A. having a length of 4650 kms. It connects NewYork to the east and Sanfransisco to the west. Chicago, Omaha, Salt Lake City are the important cities on this route.

4. **Trans-Andian Railway**: This route joins the Buenos Aires in Argentia and Santiago in Chile. It has a length of 1450 kms. and was constructed in 1910. The route carries wheat, cattles, wood, copper etc. to the ports.

5. **Trans-Siberian railway**: It is constructed in 1904 and longest route in the world. It joins the Validivostok to the east and Moscow and Pittsburgh (formerly Leningrad) to the west. The total length of this railway is 8640 kms.

6. **Some long railways in Europe**

   a) Paris (France) to Berlin (Germany)
   b) Paris (France) to Milan (Italy)
   c) Berlin (Germany) to Vienna (Austria)
7. Cape to Cairo Railway

This railway route in Africa joins Capetown to the South Africa and Cairo to the north in Egypt. The length of this route is 14400 kms. This route is broken and joined with the roads. Wood, minerals, cotton is carried on this route.

8. Adelaide to Darwin railway

This route was constructed in 1910 with a length of 2600 kms. It carries wheat, cattles, wool etc.

9. Indian long railways:
   a) Kanyakumari to Jammu Railway- 3726 kms.
   b) Gauhati to Thiruvananthapuram – 3574 kms.
   c) Cochin to Gauhati Railway- 3362 kms.
   d) New Delhi to Thiruvananthapuram- 3054 kms.

4.2.4 Water Transportation

It is another important mean of transport. It is the earliest form of long distance transport. The water transport is carried out by oceans, rivers, lakes, canals, etc. During the last 100 years there has been a remarkable development in the water transportation. It is drastically changed from traditional vessels to modern.

Advantages of water ways

The water transportation is beneficial in many ways.

1) The water routes are not to be built and maintained and hence less costly than other forms of transport.

2) The tonnage carried through the water ways or ships is much bigger in proportion to trains.

3) It is the cheapest form of transport.

4) The inland regions can be served through lakes or rivers i.e. Rhine river transport, Lakes in North America.

Disadvantages of water-ways

1. The water transport is of slow speed.

2. The loading and down-loading of goods from the ships is time- consuming and tedious job.
3. It is not useful to all countries where they have no water bodies.

Factors affecting the water ways

a) **Nature of sea board**: If the sea board is unlined, the ports are well developed. i.e. Great Britain and Japan.

b) **Depth of water**: The depth of water should be more in water transport. The ports can develop in deep sea water.

c) **The presence of ice**: During winter, when water routes are closed by ice, the transportation is badly hampered. The icebergs in the oceans also become dangerous in water transport.

d) **Violent winds and fogs**: The regions on the sea routes are often suffered from the violent winds and fogs which may cause the damage or destroy of ships. Such routes are avoided. The north-Atlantic route has to take care of the thick fog. The route from Liverpool to Australia follows the cape route to avail themselves of the ‘westerlies’.

e) **The availabilities of fuel and water**: Along the route there is necessity of fuel and water for ships. Therefore, on the route, the centres or ports should be there for providing such facilities. Cape or Colombo ports have such functions.

f) **The Great Circle Routes**: The ocean routes try to follow great circle wherever possible, as these offer the shortest routes between two points.

World’s major ocean water ways

1. **North Atlantic ocean route**: It is the most busiest ocean route in the world, in which 50% of world’s trade occurs. It joins the world’s most advanced regions. i.e. North America and Western Europe. Icebergs and thick fog are the major obstacles on this route.

2. **South Atlantic ocean route**: It connects the West Indies, Brazil, Argentina with the North America and Europe. It carries wheat, cattles, beef, industrial goods etc.

3. **Suez canal route**: It is another important sea route opened in 1869 joins eastern and western countries or the developing and developed countries. In terms of carrying goods, this route ranks second in the world.

4. **Cape ocean route**: It connects Australia, New-Zealand, Indonesia with western Europe and south and east Africa.
5. **Panama canal route:** It is world’s third biggest ocean route, which started in 1914. The ports on the east and west coasts of south and North America are interconnected by this route.

6. **Pacific water route:** This route is between the west coast of North America and eastern countries like Japan, South Korea, Philippines, etc.

**Inland water ways**

1. **North America:** The St. Lawrence, Mississippi rivers and Great Lakes are very important inland water routes in North America. But it has got seasonal importance as it freezes during winter. The Sacramento, Columbia, Yukon and Mackenzie are the other important rivers for water transport.

2. **Europe:** Major rivers and interconnecting canals of Europe, comprise the most highly developed and utilized inland water ways of the world. Low relief and gentle slope of the region, invites the natural water ways as well. The Netherlands, France, U.K., Belgium, Germany have created a good network of canal water ways. The Rhine, Elbe, Danube, Oder, Weser are the important navigable rivers. Rhine is the world’s busiest navigable river. ‘Po’ river in north Italy is also very important.

3. **Russia and adjacent countries:** These countries have a great system of navigable inland water ways. The Baltic-White sea canal, the Volga-Baltic canal, the Moscow-Volga canal involve a big traffic movements. The southern rivers, Don, Donetz, Dnieper, handle Russia’s sizable commerce.

4. **Asia:** The inland waterways in Asia have greater importance from ancient periods. The Yangtze, Si-Kiang, Han, Min rivers in China; Ganges, Bramhaputra, Krishna, Godavari, Kaveri in India. Sindhu in Pakistan; Irrawaddy, Mekong, Menam in east Asia are the very important sources of inland waterways.

5. **Other regions:** The Amzon, Parana, Paraguay, Orinoco rivers in South America; Congo, Niger, Nile in Africa are the rivers useful for navigation.

**4.2.5 Air Transportation**

This is a very quick mean of transport. The air transport is a recent development, particularly developed after First World War. In 1911, Britain started passenger traffic by air and in 1926 the U.S.A. started air service on commercial basis for the first time. After Second World War the number of air routes and length increased.
considerably. Therefore, within just 60 years of the air service it experienced a tremendous development.

**Advantages of Air Transport**

1. The major advantage of air transport is its high speed that saves time.
2. It is most luxurious service.
3. It is very useful for long distance travel.
4. Air transportation provides services to the remote and isolated areas.
5. It has unparallel importance in international travel, trade and exchange of ideas.
6. Businessmen, administrators, scientists can fly across continents to conduct meeting and conferences.
7. Air transportation has helped in the development of tourism tremendously.
8. It has greater importance in defence.

**Disadvantages of Air Transport**

1. It is very costly transport.
2. It can not be developed regularly in the areas of adverse climatic conditions.
3. The heavy goods can not be transported by air ways.

**World distributions of Airways**

The world distribution of airways is very uneven. The development of airways is mainly found in the advanced countries of the world. The backward countries can not afford the costly air service.

1) **North America**

a) **U.S.A.** : The highest development of air service is found in the U.S.A. It has 9 per cent of the world’s international airlines. It consists of about 50 main airlines over which 1,50,000 airplanes fly. It has about 9000 airports. The international air service is provided through the Trans-world Air lines, Pan-American Air Lines, United Air Lines and Eastern Air Lines. New York, Chicago, Miami, Baston, Los Angeles, Washington, San – Fransisco are the busiest airports.
b) **Canada**: The airways are developed mainly in south Canada. Trans-Canadian Air Lines is the major air-line in Canada. Montreal, Qubeck, Halifax, Winnipeg, Vancouver are the important air ports in Canada.

2) **South America** – The airways in South America are not much developed. The east and south Brazil, Argentina, Peru, Chile and Venezuela are the important countries of airways development. Rio-de-Janeiro, Buenos-Aires and Montevideo are the important airports.

3) **Europe**: Europe stands the another most important area followed by U.S.A. in the development of airways. World’s 24% airlines are in Western Europe. World’s 25% passenger traffic is carried through Europe. London, Paris, Frankfort, Munich, Berlin, Rome, Vienna etc are the important airports.

4) **Russia**: Air transportation in Russia and adjacent countries is concentrated in west of Urals. A relatively dense network radiates from Moscow to all important cities in Russia, Ukraine, etc.

5) **Asia**: The airway in Asia are developed in India, Japan, South Korea, Singapore, Thailand, Malaysia, Indonesia etc. China has fewer international connections. Singapore, Jakarta, Bangkok, Hong Kong, Kualalampur, Karachi, New Delhi, Mumbai, Chennai, Kolkata, Tokyo are the important airports in Asia.

6) **Australia and New Zealand**: Australia has very good international air-connections. Sydney in Australia and Wellington in New Zealand are the famous and busy air ports.

7) **Africa**: An air transportation in Africa is comparatively less developed. The capital centres of Egypt, Kenya, Tanzania, South Africa have air services.

**World’s Major International Air routes**

1. **Europe- America air-route**: On this route the air companies of U.S.A., Europe, Canada, Brazil, Mexico carry their air services. Europe and America are connected with two air routes:
   a) Europe- U.S.A. and Canada
   b) Europe-South America

2. **The other important international air-routes are**-
   1) Europe-Asia-Australia air-route
2) Europe-Africa air-route
3) Asia-America air –route

4.2.6 Communication

The development of communication in the recent past has been very fast. In this modern age the communication has got rather more importance than transportation. The communication means sending a massage or information from one place to elsewhere or receiving the same from other places. The persons or commodities are not directly involved in communication. The concept of communication in the past had a limited sense. The massage was sent with the help of animals or persons. In the later period, the use of vehicles started. Then the use of telegraph, telephone, teleprinter, newspapers, radio, television, mobile and computer brought a revolution in communication sector. It affected the other sectors by which the developmental system caught more speed. The communication also helped the globalization. All types of information from any corner of the world was being received at home. This resulted in the free movement of human resources. The agriculture, industries, trade and other occupations started developing all over. It removed the political boundaries. The regional and traditional life style is being replaced by a new ‘world culture’.

The people from different countries of the world can interconnect due to the development in the communication sector. The advantage of employment opportunities can be taken by receiving information. They can move freely. The world has become smaller and within the limits of man. The limitations of distance and political boundaries have lessened. The whole world has become a small village, popularly known as ‘Global Village’. It has become possible only due to the greatest achievement of man in the field of communication

Satellite Communication:

In the 20th century, particularly after Second World War, the use of artificial satellites for communication has been increased. Due to this, the communication process became very easy. The developed countries started launching the satellites in the space and receiving communication effectively from them. For that, a technique of using the electro magnetic waves in the air developed. Along with the communication, a technique of collecting information about the atmosphere, natural calamities, forests in remote areas and minerals on earth’s surface developed. The broadcasting of news, sports and various programmes over the world started with the
help of television, computer and internet through the satellite. The countries such as U.S.A., Russia, U.K., Germany, France, China and India achieved an important place in the satellite communication sector. India, too, has made a tremendous progress in the satellite communication during the last three decades.

The following are the means of satellite communication

1. **Mobile Phones** – The telephonic communication started with the help of wires on land which improved with the satellites in the form of mobile phones. The communication with mobile phones has made a tremendous achievement in the communication system all over the world.

   There are few countries in the world where the mobile communication is highly developed. The following are top five countries in the world having largest mobile sales in 2012.

   **Table 4.1 : Mobile Sales : Major countries, 2012**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Country</th>
<th>% Mobile sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>26.5</td>
</tr>
<tr>
<td>2</td>
<td>U.S.A.</td>
<td>17.8</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>8.5</td>
</tr>
<tr>
<td>4</td>
<td>Brazil</td>
<td>4.4</td>
</tr>
<tr>
<td>5</td>
<td>U.K.</td>
<td>3.6</td>
</tr>
</tbody>
</table>

   Source : Internet data

2. **Television** – It is also one of the advanced and revolutionary communication media in the world. A man sitting in any corner of the world and having a satellite access can see or communicate with other people. It is audio-visual media. The following are the important countries having more number of TV sets for per 1000 population.
Table 4.2: T.V. Sets: Important countries, 2005

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Country</th>
<th>TV Sets for per 1000 people</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.A.</td>
<td>938</td>
</tr>
<tr>
<td>2</td>
<td>Australia</td>
<td>742</td>
</tr>
<tr>
<td>3</td>
<td>Russia</td>
<td>538</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>350</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>349</td>
</tr>
<tr>
<td>6</td>
<td>Malaysia</td>
<td>210</td>
</tr>
<tr>
<td>7</td>
<td>South Africa</td>
<td>177</td>
</tr>
<tr>
<td>8</td>
<td>India</td>
<td>85</td>
</tr>
</tbody>
</table>

Source: Internet data

3. **Computer** – This ‘mechanical brain’ further made a revolution in the communication system. Today, the computers have become a part of life of the people. It is an integral part of the institutions in various sectors in the modern age. Truly, the world has become smaller because of the computers. The following table shows the top countries with highest number of PCs in 2012.

Table 4.3: Leading countries with number of PCs in 2012

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Country</th>
<th>PCs in use (Million)</th>
<th>% to world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.A.</td>
<td>310</td>
<td>19.40</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>195</td>
<td>12.20</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>98</td>
<td>6.10</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>72</td>
<td>4.50</td>
</tr>
<tr>
<td>5</td>
<td>India</td>
<td>57</td>
<td>3.60</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>55</td>
<td>3.40</td>
</tr>
<tr>
<td>7</td>
<td>Russia</td>
<td>54</td>
<td>3.20</td>
</tr>
<tr>
<td>8</td>
<td>France</td>
<td>53</td>
<td>3.00</td>
</tr>
<tr>
<td>9</td>
<td>Brazil</td>
<td>48</td>
<td>2.80</td>
</tr>
<tr>
<td>10</td>
<td>Italy</td>
<td>48</td>
<td>2.80</td>
</tr>
</tbody>
</table>

Source: Internet data

The radar, telex, fax, internet are the other means of satellite communication.
Computer Network

The computer changed drastically the communication sector. The capacity of computer to store the information is tremendous. Various activities in day today life are carried out with the help of computers. The works can easily be carried out with computers in the sectors of agriculture, industries, trade, education, administration, medicine, cinema, transportation and communication, etc; A network of computers in various countries can be connected and any kind of information can be obtained through internet. E-mail service can be provided. Persons at different locations in the world can inter-communicate through teleconferencing. The educational programmes can be sent to any country. The computer aid can be taken to have a quick guidance in medical field. The correspondence and exchange of records can be made through E-mail services.

B. Computer Networking – A processing complex consisting of two or more interconnected computers in called Computer Networking. There are two main types of computer network.

i) LAN – When the computers of a computer network are within a building or campus they are interconnected through a Local Area Network (LAN).

ii) WAN – When the computers are spread over a wide area, they can be connected through public or private communication system. They are interconnected through telecommunication links. Satellites are also used for this purpose. This type of network is known as Wide Area Network (WAN). The internet is also a kind of WAN.

This computer network works through the following processes.

4. Internet – A worldwide computer network is called Internet. Any two computers on the internet can communicate to each other. Each computer on the internet has an address which is universally recognized throughout the network.

The use of internet has been increasing day by day particularly in the developed and few developing countries.
Table 4.4 : Top Five Countries by Internet Use, 2012

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Country</th>
<th>Internet Users (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>513</td>
</tr>
<tr>
<td>2</td>
<td>U.S.A.</td>
<td>245</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>121</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>101</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: Internet data

Web, also called as World-Wide-Web (www) is a collection of resources that one can access from anywhere in the world, over the internet. These resources can provide textual documents, static graphic, images, video-clips, programs, database or any other kind of information.

Web is just one of the services available on the internet.

The services available on the internet other than web are E-mail, FTP, Mailing lists, Usenet news and Articles, Chat sessions etc.

**Importance of Internet**

Internet is very useful means of communication. It has occupied all sectors of human life in this modern age. The following are some of the uses of internet.

1. We can communicate any person anywhere in the world.
2. A doctor can take guidance from other doctors anywhere in the world about the illness and remedies through internet.
3. A person can have information from the famous libraries anywhere in the world.
4. A person can get the details of any newspaper.
5. Internet can be used in commerce, share market, education, agriculture etc.

**4.3 Summary -**

The transportation means the carrying of commodities or people from one place to another. Today, the transportation is used for various purposes. It has greater importance in the development of trade. In recent times, the transportation of goods and people have been carried on large scale with the automobiles. The transport means include the trucks, motors, railways, ships, boats, airplanes, etc.

The road-transport, railway-transport, water-transport and air-transport are the four major types of transportation. The geographical factors such as relief, rivers,
water logging areas, climate, water bodies, deserts, snow fields soils, forests etc. and the economic factors like minerals, industries affect the development of transportation. Trans-Canadian highway, New York–Sanfransisco highway, Santiago-Buenos Aires highway, Moscow–Irkutsk highway, Varanashi-Kanyakumari highway, Melbourne- Darwin highway are the major roads in the world.

North Atlantic waterway, South Atlantic waterway, Suez canal waterway, Cap waterway, Panama canal waterway, Pacific waterway are the important waterways in the world.

Europe-America airway, Europe- Asia- Australia air way, Europe-Africa air way, America-Asia airway are some of the important international air routes.

The Communication means sending a massage or information from one place to elsewhere or receiving the same from other places. The satellite communication has brought a revolution in communication system. The use of computers and internet has made the world smaller, popularly known as ‘Global Village’.

4.4 Check Your Progress.

B) Give the answer to multiple-choice questions

1. Name the trade carried between the countries:
   a) National trade   b) free trade
   c) international trade d) none of these.

2. Which is the world’s longest highway?
   a) Moscow-Irkutsk   b) Trans Canadian
   c) New York-San Francisco d) Varanashi-Kanyakumari

3. In which type of transportation ‘door to door’ service is possible?
   a) Road transport   b) Rail transport
   c) Water transport d) Air transport

4. Which is the longest railway line in India?
   a) Gauhati –Thiruvananthapuram   b) Cochin – Gauhati
   c) Kanyakumari - Jammu d) none of these

5. Which is the world’s longest railway route?
   a) Canadian- pacific   b) Union Pacific
   c) Trans-Siberian d) Paris- Berlin
6. Which one of the following is the cheapest form of transport?
   a) Road  b) Rail  c) Air  d) Water

7. When the Suez canal opened for water-transportation?
   a) 1859  b) 1869  c) 1879  d) 1889

8. Which of the following area has highest development of water transport?
   a) West Russia  b) European countries  
   c) West U.S.A.  d) South India

9. Through which sea route the world’s highest trade is carried out?
   a) North Atlantic  b) South Atlantic  
   c) Suez Canal  d) Cape sea route

10. Which of the following country has achieved the highest development of airways in the world?
    a) India  b) China  c) U.S.A.  d) Germany

11. Which country has highest share of PCs in use in the world?
    a) China  b) India  c) U.K.  d) U.S.A.

12. Which is the top country by internet use in the world?
    a) India  b) China  c) Japan  d) U.K.

4.5 Answers of the multiple-choice question
1) c  2) b  3) a  4) c
5) c  6) d  7) b  8) b
9) a  10) c  11) d  12) b

4.6 Technical words and their meaning
- Biotic – living
- Resources– land, water, air, minerals, animals, vegetation, etc.
- Transportation – Carrying of persons or commodities from one place to another.
- Communication – Broadcasting or receiving the massages or information.
- Satellite – Man made instrumental mechanism working in the space.
- Internet – World – wide computer network.
4.7 Exercise

1. What is the significance of transportation and communication?
2. Define the transportation and explain the factors affecting the development of road transportation.
3. What are merit and demerits of railway transportation?
4. Give the merits and demerits of water ways. Describe the major sea-routes in the world.
5. Give the merits and demerits of airway transport and state the major airways of the world.
6. Describe the satellite communication.
7. Write note on computer networking.

4.8 References for further Study -

- Tawade and Sawant: Arthik Karyacha bhugol, phadke prakashan, pune.
1.0 Objectives

After studying this unit you will be able to-

• Explain the concept and nature of globalization
• Understand trends of globalization
• Explain the impact of globalization

1.1 Introduction

In the modern time, due to development of technology, expansion of quick transportation facilities and advancement in the field of communication, the production and services from any part of the world can be made available to any
other part of the world. Through this, the concept of ‘Globalization’ is evolved. After 1985, many developing countries like India have been trying to shape their economy and industry towards the globalization. Globalization is playing a vital role in solving the problems related to various international affairs. After Second World War many international organizations like, GAAT, UNO, International Monetary Fund, World Bank etc. were established to overcome various difficulties in international trade. Due to globalization the foreign investment of various companies is increased. It has been attempted to improve the capability of industrial sector and to motivate the market oriented economic transactions. Almost all nations have tried to bring their economy towards the globalization through the process of liberalization and privatization. And so, in the modern time, the globalization has become a key word.

1.2 Subject - Discussion

1.2.1 Concept and Nature of Globalization

Different experts have explained the concept of globalization. ‘Globalization means to expand the economic transactions beyond the political boundaries of the nation.’ or ‘The unification of the economies of the different nations means the globalization.’ Some of the definitions of the globalization are as follows:

1. World Bank: World Bank has explains the meaning of globalization as follows:
   A) To reduce the restrictions on the import of all the products including consumable items.
   B) To reduce the taxes on the import.
   C) Privatization of the projects from the public sector.

2. C. T.Kurian: “Globalization is the bunch of different economic systems, whose objectives are different .In these economic systems various interactions develops and they change with the time.”

3. Roosi Modi: “Globalization is a two way traffic in which one is open competition and the productivity increased by new technology and second, the marketing of the commodities in only one global market.”

4. Harris: “Globalization is the internationalization of the production, distribution and marketing of different articles and services.”
5. **Shravankumar:** “Globalization is development of only one global market for resources and capital”

These definitions explain the scope of the concept of globalization. Globalization releases restrictions on trade which increases the international trade. The foreign investment increases and it helps to increase the capital. Free flow of technology creates the healthy atmosphere for the development and helps to the free movement of the workers. In short, the globalization accepts a policy which helps to move the economy from closed to free economy.

In the process of globalization, free marketing system is accepted, the restrictions of the government are lessened and the financial assistance is also lessened. This leads to the privatization of government enterprises. The investment in all the sectors done by the multinational companies is motivated and the subsidy given to the national industries is closed. The restrictions on the import are lessened and the export is motivated. The value of the currency depends upon the fluctuation of the market. The national economy, instead of making self-reliant, is connected with the global economy. It means that globalization is making economic integration of the world and the world is becoming a global village.

**Check your progress -1**

Choose the correct alternative for the following -

1. What is the effect of globalization on the difficulties in international transactions?
   - (A) Lessened  
   - (B) Increased  
   - (C) Increasing  
   - (D) Constant

2. What is the effect of globalization on the rate of octroi in import?
   - (A) Lessened  
   - (B) Increased  
   - (C) Stable  
   - (D) Unstable

3. At which position does the globalization lead the economy?
   - (A) Closed  
   - (B) Free  
   - (C) Stable  
   - (D) Unstable

**1.2.2 Trends of Globalization**

Process of globalization gets momentum from 1970s with the efforts of MNCs and U.S.A. I.M.E and other global financial institutes who are under the influence of U.S.A. force needy nations to accept terms which are motivating the process of
liberalization before sanctioning any financial help to them. After the split of U.S.S.R, Russia and other east European countries accept the process of globalization. Due to globalization, governments are trying to develop suitable environment for the development and growth of private sector, investing more in development of science and technology and trying to develop healthy competition and proper functioning of markets.

Globalization leads to increase interdependence of world economies. Interdependence of world economies increased because of increase of the international trade of goods and services, world wide spread of technologies and flow of international capital. This expands market frontiers. Now a day this is an irreversible trend in the whole world. Availability of information and marketization are the most important pillars of globalization. In short globalization is mainly based on development of science and technology.

Rapid development of science and technology reduced the cost of transportation and communication. This reduced cost of transportation and communication help for the development and world wide spread of globalization. If we compare todays cost of sea transport with the year 1930’s this cost is reduced more than 50 percent. Air transport cost is reduced up to 80 percent while cost of communication is reduced by 99 percent. If we compare todays cost of computer with the year 1990’s this cost is reduced more than 80 percent. Development of technology reduced time and distance which is responsible for the reduction of expanses on international trade and investment. As a result of this it is possible to organize and coordinate global production. E.g. Ford’s Lyman car is truly global product. This car is designed in Germany, its pump, engine and gearing systems are produced in USA, Australia and Korea respectively. Many mobile handsets producing companies are also global companies with global production. This development of network based economies is making distance and national boundaries almost meaningless.

Process of market reforms which is carried out throughout the world is the most important institutional factor which boosts the process of globalization. Most of the countries in the world are slowly reducing their various non-tariff and tariff barriers by accepting the frame work of organizations like GATT and WTO. This helps to increase international trade and investment which slowly converted centralized planned economies in to market economies.
Multinational corporations (MNCs) are responsible for the mobilization of globalization. These corporations organize their production at global level with the aim to maximize production. In the year 1996 there are more than 40,000 multinational corporations which are operating in the whole world with approximately 3 lakh overseas subsidiaries and having their own branch offices. About 80 percent foreign direct investment and 70 percent global technological transfer is done by these multinational corporations. At that time 66 percent of world’s trade volume is controlled only by 100 multinational corporations and their subsidiaries. Now 8,89,416 multinational corporations are present in the world.

From 1970 onwards there is a remarkable increase in the foreign direct investment. From 1980 to 2000 average daily transaction of foreign exchange increased six times and became of 1200 billion US dollars. In 1950 total global export is of 60 billion US dollars which increased up to 300 billion US dollars in 1970 and in 2004 it increased up to 9200 billion US dollars. In 1990 total foreign direct investment in world was 2, 00,000millionUS dollars and it increased by seven times in 2000 and became 14,63,000millionUS dollars.

The development of science and technology, increase in production and globalization are caused for the change in global industrial sector. Developed countries and MNCs are shifting labour oriented industries in developing nations. After the end of cold war there is a tremendous increase in the production which resulted in the increase of competition in global market. As a result of this to maintain position, reliability and faith in market big MNCs started mergers and takeover of other industries for example Amalgamation of Citibank, Travelers and Daimler-benz, amalgamation of MCI and British Telecom etc.

Developed countries are playing very important role in the process of globalization. In 1996 international trade of developed countries is more than 80 percent of the total international trade. In 1995 Sweden, Switzerland, Netherland and G7 countries took up more than 85 percent of total foreign direct investment. These developed countries decide the rules of international economic exchange and they are the largest beneficiaries of globalization.

Check your progress -2
Choose the correct alternative for the following -
1) Which countries efforts give momentum to the process of globalization?
   (A) U.S.A (B) India (C) Africa (D) None of these
2) Under which countries influence I.M.E and other global financial institutes come?
   (A) U.S.A    (B) India    (C) Africa    (D) None of these

3) What is the impact of globalization on the interdependence of world economies?
   (A) Lessened    (B) decreased    (C) Increasing    (D) None of these

4) Who is responsible for mobilization of globalization?
   (A) MNCs    (B) small scale industries
   (C) Government industries    (D) None of these

5) Which countries are playing more important role in the process of globalization?
   (A) Developed countries    (B) Developing countries
   (C) Underdeveloped countries    (D) None of these

1.2.3 Impact of Globalization

Most of the nations in the world are leading their economy towards the globalization. It has affected the industrial, economic, professional as well as social, cultural and all other sectors. Hence it is essential to discuss the impact of the globalization on the economy as well as on the other sectors.

A) Merits of the globalization

The following benefits are achieved by different nations through the application of the policy of globalization.

1. Improvement in the international co-operation:

   The developing and underdeveloped countries need the international assistance for the development. The world is getting close due to globalization. Due to this the developing and underdeveloped countries are getting assistance from the developed countries. It is very easy to co-operate at international level due to the development in the field of transportation, communication and information technology. This is very beneficial to the developing and underdeveloped countries.

2. The availability of international market:

   Due to globalization, the national product is getting the international market. There are so many traditional products in many countries and the demand is there to
such products in an international market. Before the globalization there were many difficulties in selling these products in other countries. But the globalization has overcome these difficulties and traditional products in many countries getting international market now.

3. **Increase in foreign investment:**

   In developing and underdeveloped countries there wasn't enough development in the industries, services and other infrastructure sectors due to the lack of investment. But now days the foreign investment is possible due to globalization and it is beneficial to developing and underdeveloped countries.

4. **Motivation to economic development:**

   The free trade, availability of international market and foreign investment lead to the economic development of the nation. The economic development of the underdeveloped and developing countries leads to the development of the standard of living of the people living therein. But instead of depending upon the multinational companies, the developing as well as under developed countries should develop on their own.

5. **The world is getting closer:**

   The restrictions are being lessened on the international trade due to globalization. The international market is open for all. The investment of the multinational companies is growing throughout the world and international co-operation is growing. The knowledge is spreading fast due to the development in the field of transportation, communication and information technology. The boundaries of the nations are wiped out and the world is getting closer.

6. **Unification of the world:**

   Due to WTO the process of unification of the world is going on. In the old days, the imperialists were exploiting the people from the colonies through the trade, capital and technology and they were getting poorer and poorer. But globalization avoids this and started the process of unification of the world. The world is unifying and developing. The obstacles in the world trade are gone now and the era of co-operation has been started. Due to this, the economic development of the developing as well as under developed countries is going on.
7. Development of the competition Power:

   The restrictions and controls are lessened due to the globalization, which creates free flow of the articles, capital and technology. So there is not any alternative in front of the developing and underdeveloped countries but to face the competition. These countries are getting the proper atmosphere to develop themselves.

8. Increase in the international trade:

   The restrictions on the trade are lessened and so the international trade has been increased. The export done by India, China, South Korea, Brazil, Argentina, Arab countries has been increased due to globalization. Because of the export, economic development becomes possible.

9. Proper utilization of productive capacity:

   The articles, products and services from different countries are being available in the market due to the globalization. Because of this, the domestic products and services are facing the competition. To survive in this competition it is essential to maintain the standard of the products as well as to utilize the maximum productive capacity. Otherwise it becomes impossible to survive in the competition. Internal saving becomes possible because of the higher rate of the productivity. This saving helps the nation's economy.

10. Change in peoples' tendency:

    Tendency of the people is changing due to globalization. Imported western articles have changed the life style of the peoples' in developing and underdeveloped countries. They are trying to imitate the clothing, lifestyle, habits of the western people. They are using western articles on a large scale. So the old things are becoming outdated and the new ones are taking their place. The workers in different countries are also changing. Thus globalization is bringing social change and the change in the peoples' mentality.

11. Exchange of modern technology:

    The reason of the difference in development between the developed, developing and underdeveloped countries is due to the difference between the available technologies. The new researches are taking place. They are trying to evolve new technology and new methods of productions. This develops new products and equipment. But for developing and underdeveloped countries this is not possible to
develop such technology. So the exchange of this new technology is necessary for their economic development. The poor and developing countries are getting this advanced technology due to globalization. And this leads to their economic and industrial development.

12. The improvement in the managerial skills:

Due to globalization, the expert technicians, managers come to the developing and underdeveloped countries. Their expertise and experience help to improve the technicians as well as managers in developing countries. And this improves the managerial skills among the workers in developing and underdeveloped countries.

13. Expansion of the big companies:

Globalization is necessary for the big companies to expand their efficiency. The restrictions over the expansion of companies were lessened and they were expanded all over the world. These companies bring new articles, capital and technology. Due to their investment, industry, construction and trade are developed. These multinational companies are helpful to the developing and underdeveloped countries were availability of capital is problem.

14. Increase in the mobility of the workers and productivity:

Skilled and experienced workers are becoming mobile due to globalization. The companies are utilizing the machines and the workers maximally. Because of this, the production is increased. It is also possible to develop or import the technology if necessary. The skilled labours from other countries are also available to these companies.

15. Other benefits:

Due to globalization the stock of foreign currency increases. Imbalance in the distribution of income lessens. Expansion of corporations becomes possible. These various benefits are possible because of globalization.

B) Demerits of Globalization:

Though the benefits achieved by different nations through the application of the policy of globalization still there are demerits also. Every nation must be careful about them. These disadvantages are more applicable to developing and underdeveloped countries. Disadvantages of the globalization are as follows:
1. **Increasing bankruptcy:**

When the poor and bankrupt countries asked for the help towards the World Bank, it was given on the condition of reconstruction of the economy. The nations like India, Mexico, Brazil, and Argentina etc. have to implement the process of reconstruction of economy due to their bankruptcy. Both the developing and underdeveloped countries were bankrupt before the globalization. It is possible to increase import instead of export by these countries. Due to this increasing import these countries are more and more bankrupt.

2. **Deadly competition:**

The market of the developing and underdeveloped countries are open to the multinational companies due to globalization. These multinational companies have captured the markets of these countries with the help of their marketing skill and low prices. The national companies have to face this competition. It is not possible for them to survive in this competition. So it is creating an adverse effect on the national companies.

3. **Hold of rich countries on global economy:**

The hold of multinational companies of the developed countries has increased due to the globalization. Because of this, developed countries particularly U.S.A., is getting hold on the world economy. Developed countries having 17% world’s total population, are dominating and leading the world and they have not thought about the impact of policies developed for their progress on remaining 83% population in rest of the world.

4. **Growing luxuriousness:**

The restrictions on the import are lessened due to globalization. The luxurious articles are available in abundance. The available resources are being used to produce luxurious things rather than the production of the necessary things. The people in the developing and underdeveloped countries are imitating the luxurious life of the people from developed countries. So there is shortage of necessary things for life of the poor peoples.

5. **Monopoly of the Multinational Companies:**

No one can differentiate between the national and multinational companies after globalization. Because of this, these multinational companies are making investment
in the field of telecommunication, banking, tourism, medicine, information technology, transportation etc. They are getting success due to their investment, advertisement, method of working etc. Due to this, the monopoly of these companies is increasing. They are getting stronger by merging other companies and increasing their scope, extent and power.

6. **Negligence towards basic facilities:**

The World Bank is insisting on globalization policy when the economic help is sought from the bank. But this bank is not insisting of providing basic facilities. Instead of investment in the areas of water, roads, education, health in the developing countries, the investment is done in the dangerous & harmful industries causing pollution.

7. **Loss of the developing countries:**

The trade is developed due to globalization. The share of the developing and underdeveloped countries in this trade is very small. The import is increasing instead of export of these countries. Due to this there is greater possibility of loss to these countries.

8. **Obstacles in the way of foreign investment:**

Economic, social, political instability, misdeeds, the tendency of the servants are the obstacles in the way of foreign investment. These obstacles are present in almost all developing as well as underdeveloped countries. So the investors think of the economic, social, and political atmosphere at the time of investment. American investors are eager to invest in Latin America and China. The Japanese investors are eager to invest in south-east Asia.

9. **Decline of natural resources:**

After globalization, the natural wealth was imported from various nations. So this wealth is declining. After globalization more than 55% of loss of forestry in equatorial region took place. The area of forestry is declining rapidly and biodiversity is in great threat in the world. The developed countries do not give attention on this. These countries are releasing many dangerous gases in the atmosphere. They are also dumping industrial trash in the developing and underdeveloped countries. This causes loss of environment and natural resources.
10. **Protests of workers' organizations:**

In the globalization new technology and new methods are being used. It results in unemployment. In the underdeveloped and developing countries there are not enough facilities of training and education. So the workers from one industry cannot get the jobs in different industries. In the globalization the transfer of job is an essential thing, and it is not possible in these countries and it results in unemployment.

11. **Adverse effect on Agriculture:**

Multinational companies are trying to bring the method of contract farming. Due to this, these companies will control the seeds, fertilizers, pesticides etc. The farmers will be compelled to take the crop as per the requirement of these companies. The price will also be decided by these companies. This will cause danger to the existence of the farmers in underdeveloped and developing countries. The farmers will produce the raw material for the companies and these nations will have to import the food grain. Due to technology advancement the unemployment in the field of farming is also increasing. The farming will be closed in the laboratory. Due to globalization subsidies agriculture requirements is reduced. It will be harmful to the farming in many countries.

12. **Hypocritical policy of the developed countries:**

Developed countries are compelling the developing and underdeveloped countries for globalization, free competition, market based economy etc. But these developed countries are following the opposite way. They are trying to save their industries. Though the markets of developing and underdeveloped countries are open to developed countries, the markets of developed countries are not easily available for them. The developed countries are following hypocritical policy for their benefits.

13. **Cultural effects:**

Due to globalization the articles of luxury from the developed countries are available anywhere in the world. So the effect of the lifestyle of the developed countries is visible in the underdeveloped and developing countries. The traditional values are declining. The young generation is forgetting the culture and following blindly the life style of the developed countries.
14. **Imperialism in the new form:**

In 18th and 19th century the developed countries were exploiting the colonies. This is being done by the multinational companies in 21st century. Developed countries are using natural resources and labour from the developing and underdeveloped countries for their own benefits. This is a new method of imperialism.

15. **Imbalance in development:**

The developed countries are getting richer due to globalization. But the developing and underdeveloped countries are not getting that much benefit. Some people in the country are becoming rich in this system and most of the people are remained poor. In the developed countries the people are living in luxury but in the developing and underdeveloped countries most of the people are living below the poverty line. This imbalance in development is increased by globalization.

**Check your progress-3**

1) With which factor the term globalization is related?
   (A) Economic  (B) Physical  (C) Religious  (D) None of these

2) What is the impact of globalization on trade restrictions?
   (A) Increases  (B) Decreases  (C) No change  (D) None of these

3) What is the impact of globalization on international trade?
   (A) Increases  (B) Decreases  (C) No change  (D) None of these

4) What is the impact of globalization on subsidies given by government?
   (A) Increases  (B) Decreases  (C) No change  (D) None of these

5) Which countries are most beneficiaries of globalization process?
   (A) Developed  (B) Underdeveloped  (C) Developing  (D) None of these

6) Due to globalization whose monopoly is increased in international market?
   (A) Government Industries  (B) Local Industries  
   (C) MNCs  (D) None of these

7) Which market system is accepted in globalization process?
   (A) Closed  (B) Free  (C) Controlled  (D) None of these
8) What is the impact of globalization on foreign direct investment?
   (A) Increases  (B) Decreases  (C) No change  (D) None of these

1.3 Summary

The concept of 'Market of one's monopoly' is vanishing due to globalization and instead of this the concept of 'the whole world is one market', is getting prominence. It is possible now to sell or buy any article or service from any country to anywhere in the world. Due to globalization the international co-operation is increasing. Globalization is also responsible for the cultural transformation and developing unity among people of different culture, tradition and nation. Globalization increases interdependence of various economies. MNCs and developed countries are mainly responsible for the mobilization of globalization process.

Due to the globalization international cooperation is increasing. International market is available for each country. The direct foreign investment in developing and underdeveloped countries is increasing. It helps their economic development. The world is getting closer. The world is getting united. The competition is growing. The international trade is growing. The productivity is being utilized at the maximum. The tendency of people all over the world is changing. The interchange between the technologies is possible now. There is development in the managerial skills. Multinational companies are expanding. The foreign exchange is also growing. The age of economic reformation has been started.

Irrespective of this, the developing as well as underdeveloped countries are getting bankrupt. The deadly competition is growing. The rich countries have their-hold on the world economy. The monopoly of the multinational companies has been increased. There is negligence towards the basic requirements. In this process there is a loss to the developing and underdeveloped countries in trade. The decline of natural resources is there. Developed countries are trying to make everything for their own profits. The employees are protesting to the globalization. There is imbalance in the development. This is a new type of imperialism.

1.4 Terms to Remember

- **Production**: The process of producing articles having exchange value.
- **Economic planning**: the effort of attaining the objectives using productive resources.
- **Industrial policy**: Governments policy regarding the industry.
- **Foreign currency**: the currency used in foreign countries.
- **Monopoly**: The market having supremacy.
- **Free trade**: The policy of the trade without taxation on the foreign articles.

### 1.5 Answers to check your progress

**Check your progress-1**

1) (A) Lessened  
2) (A) Lessened  
3) (B) Free  

**Check your progress-2**

1) (A) U.S.A  
2) (A) U.S.A  
3) (C) Increasing  
4) (A) MNCs  
5) (A) Developed countries  

**Check your progress-3**

1) (A) Economic  
2) (B) Decreases  
3) (A) Increases  
4) (B) Decreases  
5) (A) Developed  
6) (C) MNCs  
7) (B) Free  
8) (A) Increases  

### 1.6 Exercise

1) Explain the concept of globalization.  
2) Explain the nature of globalization.  
3) Discuss the trend of globalization.  
4) Explain merits of the globalization.  
5) Discuss demerits of the globalization.
1.7 Reference for further Study

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- Reserve Bank of India Bulletin.
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Unit-2
Market System

2.0 Objectives
By the end of this unit you will be able to-

• Explain the concept and definition of market.
• Understand the Structure and Significance of Market.
• Know the geographical systems affecting market system.
• Understand the Classification of Markets.
2.1 Introduction

In early days human being satisfy their needs of food, cloth and shelter through forests. At that time needs of human being were very limited. With the increasing knowledge of nature, human culture developed and human being acquired other arts along with the art of cultivation. People were depending on skills and work of each other to fulfill their needs. This interdependence lead to the development of exchange. Economic and technological development leads to surplus production. To fulfill needs of each other people started to exchange the production. In early days this exchange was in the form of goods. Later on people started to use money as a medium of exchange. Use of money helped people to regularize the process of exchange i.e. selling, buying and establishment of the market.

Now a day to fulfill our various needs we bring various goods from market. Distribution and production of goods depends on various geographical factors like physiographic, climate, soil etc. To fulfill the need of people various goods are brought together for selling which ultimately leads to development of market. Competition in market keeps prices of goods and services low which is beneficial for consumers. Development of any region is largely depending on the development of market. Study of market helps for planning and development of region.

2.2 Subject - Discussion

2.2.1 Definition of Market

Meaning

In a broader sense, market is the entire region where different buyers and sellers contact each other to bargain at a certain price. It is a place where buyers and sellers meet personally to enter into dealings after personal inspection of goods. The concept of market emerged from the concept of exchange and relationship. The term Market is derived from the Latin word ‘marcatus’ which means 'merchandise', 'ware-traffic', 'trade' or 'a place where business is conducted.'

The term market is interpreted broadly by place concept, area concept and by demand concept. These concepts are as follow-

(a) **Place concept of Market**: Market is a place where the buyers and sellers meet for a transaction of purchase and sale. It is the primary concept of market. This concept
inform only about a market place. It interprets market only as a place of meeting; to carry out transaction between buyers and sellers. These kinds of market places were generally situated at the centre of the city.

(b) **Area concept of Market**: Market is an area in where the buyers and sellers communicate each other indirectly in a very competitive environment which causes price stabilisation. This concept is a little wider than the place concept of Market. Area concept of market gives emphasis on communication between buyers-sellers for the stabilisation price which is one of the most important functions of a market. According to this concept development of communication facilities is very important. e.g. Mail order business, Tele-shopping etc.

(c) **Demand concept of Market**: Market means the actual customers and potential customers, which are making the demands for a product. This concept of market is most relevant and meaningful. It focuses on the customers’ which is the heart of each and every market. The existence and development of market depends on them.

**Definitions of Market**-

For clear understanding of the term market it is essential to observe various standard definitions given by different eminent authorities on market. Some of these definitions are as follows –

(i) According to **Chapman**: “The term market refers, not to a place, but, to a commodity or commodities and buyers and sellers who are in direct competition with one another.”

(ii) According to **Philip Kotler**: "A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want."

(iii) According to **Mr. Cornot**: "By market is meant not any particular place in which things are bought and sold, but the whole of any region in which the buyers and sellers are in such free intercourse with one another that the price of the same goods tends to equality easily and quickly."

(iv) According to **Professors Tousley, Clark and Clark**: "Market is a centre about which or an area in which the forces leading to exchanges of title to a particular product operate towards which and from which the actual goods tend to travel."

(v) According to **Prof. Jevons**: "Market means anybody of persons who are in intimate business relations and carry on extensive transactions in any
commodity".

(vi) According to Prof. H. E. Mitchell: "In fact the market must be thought of not as a graphical meeting place but as any getting together of buyers and sellers in person, by mail, telephone, telegraph, or any other means of communication".

From the above definitions, it is clear that 'market' is not a place only. It is the atmosphere, environment and arrangement which provide an opportunity for the exchange goods between buyers and sellers.

**Check your progress – 1**

1) Who meets in the market for the transaction of purchase and sell?
   A) Buyers  B) Sellers  C) buyers and sellers  D) None of these

2) Which medium is used to complete trading between buyers and sellers?
   A) Money  B) Assurance  C) Goods  D) None of these

3) Which of the following is handover to buyer from seller in the market?
   A) Money  B) Goods  C) Both money and goods  D) None of these

4) Which of the following is not exchanged in the market?
   A) Goods  B) Services  C) Consumers  D) None of these

**2.2.2 MARKET STRUCTURE**

Market structure depends on the functional interrelationship between the various firms which are operating in same market. Firms operating in the same market are competitors or rivals of each other. The degree of competition between these firms in that market affects the market structure. The degree of competition is indicated by the power of an individual producer to control the price by changing its own production. The ability of controlling the price in the market is inversely proportional to the degree of competition in the market.
In general the term market structure refers to the extent and the way in which various firms constituting a particular market are functionally interrelated with each other.

**TYPES OF MARKET STRUCTURE**

Types of market structure are as follows:

A) Perfect Competition  
B) Monopoly  
C) Imperfect Competition  
   i) Monopolistic Competition  
   ii) Oligopoly  
   iii) Duopoly  
   iv) Bilateral Monopoly

**Perfect Competition** - 

The market structure in which large numbers of firms are operating is called perfect competition. In this market structure number of buyers and sellers are very large. As very large number of sellers and buyers are trading in the market so no individual seller or buyer can able to influence the price of the product in the market. That means all buyers and sellers are in a perfectly competitive market are not price makers but they are price takers. In a perfectly competitive market there is no rivalry among the various individual firms which are operating in the same market.
In perfect competition there is homogeneity of product so buyers do not think about manufacturer or seller from whom they are purchasing the products as long as the price is the same. All buyers and sellers operating in perfect competition market structure have complete knowledge of the price and demand all which ensure only one price of the product in whole market.

**Monopoly**

In monopoly market structure there is only one seller/producer of the product is present in whole market. For this single seller/producer there is no competition in the market. In this market structure the entry of the new firms to the industry is completely blocked. As there is only one seller of the product in the market the markets demand curve for the product, supply curve of the firm and the industry and demand curve faced by the firm is one and the same. In monopoly market structure there is no substitute for the monopolist's product so there is complete absence of competition. In this monopoly market structure entry of the new firms to the industry is completely blocked by many obstacles and obstructions like copyright, patents, non-availability of technical and empirical knowledge about the factors operating in the industry etc. the entry of new firms into the industry destroys the monopolistic market structure so the monopolist firm always try to adopts various methods to block the entry of new firms. As soon as the new firms enter in the market monopolist firm loses its monopoly power which leads to a change in the market structure.

**Monopolistic Competition**

In Monopolistic Competition market structure large number of producers or sellers operates in same market. All firms in Monopolistic Competition market structure are independent. They can determine their own behavior independently without considering about the reaction of other firms operating in the market. Firms in Monopolistic Competition market structure produce goods which are similar in many respects but not perfect substitutes. The differences can be real or imaginary but their economic effect is the same. A different goods produced by different sellers attracts different groups of consumers. Under monopolistic competition the demand is not perfectly elastic. The different firms producing similar goods constitute a 'group' which occupies the same place as occupied by 'industry’ in perfect competition or monopoly. There is freedom of entry or exit to each firm in
monopolistic competition market structure. If any firms earn profit many new firms enter to compete in market. If firms losses in the short-run they leave the industry in the long-run. That is in monopolistic competition firms can earn only normal profits in the long-run.

Oligopoly -

In Oligopoly market structure very few numbers of sellers operate in the same market. Behavior of these sellers makes considerable influence on behavior of other firms i.e. these producers is mutually dependent upon each another. If any firm makes a change in the price of product, this change affects the price and output decisions of all other firms operating in the same market. Thus producers under oligopoly have interdependence in decision making.

Perfect or pure oligopoly and Imperfect or differentiated oligopoly are two types of Oligopoly.

(i) **Perfect or pure oligopoly** - All firms operating in perfect oligopoly, produce identical products. Price of the product affect the consumer decisions of purchase of a particular producer. Price competition is always present in perfect oligopoly market structure. Pure oligopoly is found in industries like sugar, aluminum, iron and steel and cement etc.

(ii) **Imperfect or differentiated oligopoly** - In imperfect or differentiated oligopoly, almost similar goods which are close substitutes to each other are produced by different producers. These similar products have their own distinguishing characteristics, yet their cross elasticity of demand is high. Differences in such similar goods can be both real (shape, size, quality and design etc.) and imaginary (brand name and trade mark).

On the basis of collusion or absence of it Oligopolies are classified in to three types

(i) **Oligopoly with collusion** - This type is a cartel with decision making powers which affect the price-output policies of the industry. Cartel means a consortium of independent organizations formed with intention to limit competition by controlling the production and distribution of a product or service. The creation of such cartel transforms oligopoly firms into a monopoly organization.

(ii) **Oligopoly without collusion** – This is responsible for independent actions by various firms in the market which affect each other. In such condition firms
operating in same market often get engaged themselves in price wars. Sometimes this condition helps to improve the quality, design, packing and advertising. In this case reactions from other firms are unpredictable.

(iii) **Oligopoly with tacit collusion** – In this type no formal organization is present. This system works entirely on tacit understanding amongst oligopoly firms. This understanding is about the price and output produced with aim to ensure a reasonable share in the market to each and every member.

**Duopoly**-

Duopoly is a special case where there are only two sellers which are completely independent and does not have any kind of agreement among them. But a change in the output and cost made by one seller will affect the other seller. The profit of any one seller depends upon the actions of other seller of his market. One seller can control his own output level, but he has no direct control over decisions of other seller which affect his profit. Thus the profit of both sellers depends upon the all interaction of the decisions made by both the sellers.

**Bilateral monopoly**

In Bilateral monopoly markets structure only single producer (Monopolist) and single buyer (Monopsonist) of that product is present in the market. Producer does not have an output supply function relating price and quantity while buyer does not have an input demand function. Producer selects a point on his buyers' demand function and buyer selects a point on his sellers' supply function to maximizes their profit. In Bilateral monopoly it is possible that either seller or buyer may dominate and force the other to accept his own quantity decisions and/or price or they may cooperate and achieve an acceptable and suitable solution for both of them. In this market system it is also possible that no trade will takes place at all.

**Check your progress – 2**

1) What is the nature of relationship between firms operating in the same market?
   A) competitors    B) Friendly
   C) unity           D) None of these

2) What is the relationship between ability of controlling the price in the market and degree of competition in the market?
   A) Directly proportional    B) No relation
3) In which type of market structure a large number of buyers and sellers are present?
A) Perfect Competition  B) Monopoly
C) Duopoly  D) Bilateral Monopoly

4) Which type of market structure does not exists in practical?
A) Oligopoly  B) Monopolistic Competition
C) Perfect Competition  D) Duopoly

5) In which type of market structure competition does not exist?
A) Monopoly  B) Perfect Competition
C) Imperfect Competition  D) None of these

6) In which type of market structure only one producer is present?
A) Perfect Competition  B) Monopoly
C) Imperfect Competition  D) None of these

7) Which of the following is the extreme condition of market structure?
A) Perfect Competition and Monopoly  B) Duopoly and Bilateral Monopoly
C) Oligopoly and Monopolistic Competition  D) None of these

8) In which market system both monopoly and competition is present?
A) Monopoly  B) Perfect Competition
C) Monopolistic Competition  D) None of these

9) In which market system all producers depend on each other?
A) Oligopoly  B) Monopoly
C) Perfect Competition  D) Duopoly

10) How many producers does operate in duopoly?
A) One  B) Two
C) Three  D) Many
11) In which market system only one producer and consumer is present?

A) Bilateral Monopoly  
B) Duopoly  
C) Oligopoly  
D) Monopoly

2.2.3 SIGNIFICANCE OF MARKET

Development of market plays very important role in the development and progress of consumers, society, producers and nation. The importance of market is as follows –

1) Market helps consumers to satisfy their needs of various goods and services.
2) In market various goods from national and international producers are made available which gives freedom to consumer to select and use the product as per his need and economic capacity.
3) The development of market supplies required goods and services to consumers.
4) Competition in the market reduces prices of goods and services.
5) Market provides goods to consumers which changes their life style with great improvement.
6) Market gives freedom to consumers in selecting goods and bargaining the price of the goods.
7) Market gives motivation to the economic development.
8) People from different culture, religion, customs and traditions come together at market place which brings cultural exchange.
9) Exchange of ideas and thoughts at market place help to develop tolerance and broad view in the society.
10) The development of market helps to increase mobility in the society.
11) Market helps producers to understand consumers’ trend which helps him to make improvement in the quality of his product.
12) Development of market helps to increase communication between producers, traders and consumers.
13) Competition in market helps to improve the quality of products.
14) Development of market provides stability to producers.
15) Development of market helps to the economic development of the nation.
16) Availability of market increases industrialization with the establishment of new industries by creating various business opportunities.
17) Development of the market is responsible for the establishment of organized and
permanent marketing system which provides a proper place to sell various products of the producer.

18) Promise in future market reduces the uncertainty and fluctuations in price.
19) Competition in market helps to stabilize the prices.
20) Development of the market increases investment in various industries and businesses.

Thus market helps for overall development of the region.

**Check your progress – 3**

1) What is the impact of competition on prices of goods?
   A) increases  B) Reduces  C) Stable  D) None of these

2) What is the impact of market on the economic development of a region?
   A) Creates obstacles  B) motivates  C) No impact  D) None of these

3) What is the impact of market on the society?
   A) Decline  B) stable  C) momentum  D) None of these

4) What is the impact of market on the quality of product?
   A) Decline  B) No change  C) Improvement  D) None of these

**2.2.4 Geographical factors affecting market system**

**MARKET SYSTEM**

'Market' is a place where buyers and sellers gather together to exchange their goods. The size of market largely depends on the number of needy persons, persons having resources which are useful to others, and they must have willpower to offer their resources in exchange of what they want and need. Market system is the system developed due to the exchange of goods and services within buyers and sellers.
In market system groups of sellers i.e. industry and groups of buyers i.e. market are present. Within these groups exchange of goods / services and money takes place. This exchange develops four types of inter correlation flows as shown in the above figure. Correlation flow, A and B goes from industry to market i.e. communication, goods and services which are provided by the industry to market. While Correlation flow C and D goes from market to industry i.e. money and information are provided by the market to industry. Correlation flow B and C shows direct exchange of goods / services and money. Correlation flow A and D shows exchange of communication and information. Thus market system is dual exchange system.

Many economic, physical, social, cultural and political factors affect market system. Geographical factors affecting market system are as follows.

1) **Climate**- Climate has its own impact on both production and demand. Some products are produced in particular climatic condition but the demand for these products is universal. For example tea and coffee are produced in tropical region but demand for these products is from all over world. Change in climatic condition also affect the demand of some products e.g. demand of ice cream increases in summer season while demand of woolen cloths increases in winter season.

2) **Population**- Increase of population in any region leads to the increases in the number of customers and demand of various products. This affects market system in any region.
3) **Transportation**- Transportation facilities are increased and improved with the time. Carrying capacities and speed of vehicles is increased. Development of transportation facilities also leads to traffic jams and congestions. All these factors associated with transportation facilities affect the market system.

4) **Producer**- producer is one of the important elements of market system. Producers in market are classified as small, medium and large producers. Large change in the number of producers in market affects the market system.

5) **Consumer**- consumer is the end user of the product. Customer changes his demand as per his need, culture, tradition and climate. Change in demand of product affect the production of that product. Changes in the customers demand affect the production and sellers in market which ultimately affect the market system.

6) **Finance facility**- Finance is required for producers to increase the quality and quantity of their production by using modern technology. While finance given to customers increases the demand of various products in the market. Thus finance facility has its own impact on market system.

7) **Price**- Price of any product depends on cost of production, cost of transportation and the profit of producer. If the price of product is increased it reduces the demand of that product and vice versa. This relation between demand and price affect the market system.

8) **Government Policy**- Government policy affects the production. Increase in the tax causes increase in the production cost which may reflect decrease in the demand of the product. If government gives some concessions on electricity, water or decrease of taxes it reduces cost of production and also price of the product. This leads to increase in demand of product. Thus Government policy affects the market system.

9) **Change in trading system**- Commercial activity and trading system affect the market system. Introduction of private sector in trade, spread of super market concept etc. affect the market system.

10) **Other factors**- Increase in the number of industries, advertising, technological development, peace and governance, governments controls, trade organizations, increase in production, change in customers demand and habit, consumers awareness, consumer protection laws, quality of product and safety features, changed regional plan, environmental impact etc also affect the market system.
Check your progress - 4

1) Which of the following goes from consumers to sellers?
A) Goods       B) Services
C) Money       D) None of these

2) Which of the following goes from sellers to consumers?
A) Goods       B) Information
C) Money       D) None of these

3) On which of the following the size of market is largely dependent?
A) Goods       B) Services
C) Number of consumers       D) None of these

4) Which of the following has impact on both production and demand?
A) Climate       B) Quality of goods
C) Transportation       D) None of these

2.2.5 Classification of Markets

At market place it is possible to unfold the economic, social and cultural background of the surrounding area. Peoples from different religion, cast, tradition, culture and economic strata come together. There is direct relationship between all round development of a region and market. Development of any region leads to the increase in number of market centers. In the same way if there is decrease in economic and social level of region the market place in this region starts losing its importance. The market center may be small village or a metropolitan city. Markets at villages are mostly weekly or seasonal while urban markets are daily and weekly. Classification of Markets is done on the various bases such as motives behind market, nature of market and many other factors.

Variant bases for classification of markets are as follows.
A) Geographical area wise classification
B) Classification on the basis of nature of goods
C) Classification on the basis of volume or size of trading
D) Classification on the basis of type of product
E) Classification as organised and unorganised markets
F) Classification on the basis of delivery time
G) Classification on the basis of Dominance
H) Classification on the basis of Competition
I) Classification on the basis of Significance

A) Geographical area wise classification

On this basis of geographical area covered markets are classified as follows

i) **Local Market**: The market in which buyers and sellers are from the same village or town is called as Local market. The products available in the market are manufactured by local manufacturers by local needs. In this market mostly spot transactions are done.

ii) **Regional Market**: The market in which buyers and sellers are from the few surrounding villages or towns is called as Regional market. Scope of this market extends from one district to whole state. This market is extended form of local market. e.g. Fish market in Ratnagiri, Orange market in Nagpur etc.

iii) **Interstate Market**: Market of some goods is spread in more than one state such market is called as interstate market. The buyers and sellers belong to different states. Interstate market mostly establish in boundary regions of states. e.g. boundaries of Maharashtra and Karnataka, Maharashtra and Andhra Pradesh, Maharashtra and Goa, Maharashtra and Madhya Pradesh etc.

iv) **National Market**: In national market transactions taking place, within the political boundaries of the nation. Buyers and sellers operating in this market are from the same nation. Volume of trading in this market is very big. Both cash and credit transactions take place in this market. Sometimes transactions between buyers and sellers is not direct it is through different modern means of communication.

v) **International Market**: This is the widest market. In this market exchange of product take place at international or global level. Buyers and sellers from different nations operate in this market and make a transaction. Transactions in this market are take place as per government rules and laws about import and export.
B) Classification on the basis of nature of goods

According to the nature of goods markets are classified as follows

i) Agricultural goods market:

In these markets there is exchange of agricultural production. Agricultural products are perishable and seasonal in nature. Demand of these products is regular and continuous but there is a wild price fluctuation. Cost of transportation affects the price of agricultural products. In this market producer i.e. farmer is generally neglected and is given less importance. In this market there is long chain of middlemen. In India government interfere in agricultural goods market in the interest of farmers.

ii) Consumer goods market:

The market in which end-users purchase goods for their own consumption is called consumer goods market. Brand-selling is observed in this market. To satisfy the consumers is the purpose of this market. To increase demand of products effective advertising and sales promotion is carried out. The 'plus' element like free gifts, extra products and visible product-features attract the buyer.

iii) Industrial Goods Market:

Industrial goods include raw material, equipment, heavy machinery, parts, industrial services etc. these goods are not directly consumed by ultimate consumers. These goods are used for producing other products. There are limited number of buyers and the purchases in industrial goods market and they are concentrated in industrial areas. Their purchases are always in bulk quantities.

C) Classification on the basis of volume or size of trading

According to the volume of trading markets are classified as follows

i) Retail Market:

Retail market is formed by small traders or retailers and consumers. In this market the volume and value of each trading is relatively small. In retail market most of the transactions are done by cash transactions. Consumers purchase product after actual inspection. Consumers in retail market are in large number and scattered over a large area.
ii) Wholesale Market:

In wholesale market bulk purchasing and selling takes place. Mostly small traders, retailers, general merchants etc. participate in wholesale transactions which are of larger volume and bigger value. Transaction in this market is made on the basis of product-sample and product-brand without actual inspection of goods. One wholesaler is generally specialized only in a few products. Credit facility and delivery terms plays very important role in this market.

i) Classification on the basis of type of product:

According to the type of product markets are classified as follows

ii) Goods Market:

All the characteristics of the markets classified on the basis of volume or size of trading and those of the area-wise classified markets are observed in goods market. Goods market may be further subdivided as (i) Agricultural goods market, i.e. Produce exchanges, (ii) Manufacturing goods market, (iii) Bullion market, (iv) Market for services.

ii) Capital / financial Market:

This market deals with shares, stocks, bonds, debentures, loans, credit papers etc. i.e with capital resources. It is one of the organized markets. It is composed of lenders and borrowers of capital. Buyers and sellers in this market may be individual or institutional investors. Lenders and borrowers of capital dose planned dealing and follow all lengthier and legal procedure.

E) Classification as organised and unorganised markets

i) Organised/Regulated market:

Organised market is governed by the constitution. This constitution is prepared by the members’ of organised market. A managing committee is elected and formed by the members of the organised markets for market governance. Some rules and regulations were sets up for proper and fair functioning of the market activities. These rules and regulations are about the management of the market, membership of the market and ways of conducting business in the market. Any violation of any rule, regulation, norm or misconduct may lead to punitive action by the managing committee. Only members of that organised market can directly and independently participate to make transactions therein. Both spot and future transactions are made
in this market. The disputes about transactions are resolved through arbitration. e.g. Stock exchanges and commodity exchanges etc.

**ii) Unorganised/Unregulated market:**

Unorganised market may be a wholesale or retail market were any one can make a transaction. Transactions in these markets are may be of any size or volume. Usually, spot transactions are made in this market. Sometimes future transactions are made with mutual consent and convenience. There is no settlement period or settlement date.

**G) Classification on the basis of delivery time:**

On the basis of delivery time, the markets are divided as spot market and future market.

**i) spot market:**

Spot market is also known as cash market. In this market transactions are made side by side or simultaneously. They are conducted in any market.

**ii) Future market :**

Future market is also known as forward market were speculative transactions taking place. In this market an agreement to purchase or sale is made at delivery to be made in future and price also to be paid in future. This market keeps the price movement alive. Usually, the buyers and sellers of future market are not genuine buyers and sellers they are interested only in price-margins. The buyers and sellers of future market use their talent and skill of price-prediction to make a profit.

**G) Classification on the basis of Dominance:**

On the basis of Dominance market is divided into sellers' market and buyers' market.

**i) Sellers' market :**

This market is dominated by seller. Customers are taken for granted. Seller can dictate terms to the buyers. Customer care and satisfaction is neglected. This situation strongly existed before industrial revolution. The extreme of sellers' market results into monopoly. In case of specialty products or precision products the manufacturer holds dominating position.
ii) **Buyers’ Market:**

This market is dominated by buyers. Competition and mass production due to industrial revolution leads to emerge this market. Customers’ service, satisfaction, care, choice and delight are most important in this market. Product-innovation, quality-up gradation, sales-promotion, cost-reduction and effective marketing are required to survive in this market. The extreme of buyers’ market is monopsony.

H) **Classification on the basis of Competition:**

On the basis of competition, its nature and degree market can be classified as perfect and imperfect markets.

i) **Perfect Market:**

In perfect market large numbers of buyers were present, there is free and equal opportunity for entry and exit of any buyer or seller, products are homogeneous in nature. In this market both buyer and seller is in close contact with one another which prevails single price for the product. Actions of single or few buyers and sellers cannot have any impact on price in the market. This type of market does not exist because it is not practical.

ii) **Imperfect Markets:**

In this market whole market for a product is divided into various segments. Here customers are convinced that the each product is different by using effective branding and product-differentiation. Different rates are charged for each brand. As per status, ego and emotions of customers they are ready to pay higher prices for the products.

I) **Classification on the basis of Significance**

On the basis of Significance markets can be classified into primary, secondary and terminal market.

i) **Primary Market:**

In this market agricultural products are sold at village levels by farmers. Forest products and minerals are also sold in this market. Products sold in the market are mostly in natural form.

ii) **Secondary Markets:**

A market for semi-finished or manufactured or processed products is called as Secondary Markets. These semi-finished products are further used for production of finished goods.
iii) Terminal Markets:

In this market finished products are finally sold to consumers. The finished cloth, furniture, electronic goods, cereals etc. are ready for consumption. These may be durable, non-durable, consumer and industrial products.

H) Classification on the basis of Finance:

Finance is very essential for all business activities. On the basis of finance markets are classified as money market and capital market.

i) Money Market:

Money market is a short term credit market. This market deals only in short term finances. Acceptance market, collateral loan market, Money market and bill or discount market are the constituents of money market. Central bank, Commercial banks, acceptance houses, non-bank financial institutions are the financial institutions of money market.

Call Money Market: In this market very short period loans are made available. The period of this loan is from one day to one week. This loan is called as 'Call loan' because money is called by bank lender at short notice. e.g. short periods loan borrowed by the bill-brokers and dealers in stock exchange from commercial banks for their urgent requirement.

Collateral Loan Market: Loans backed by collateral securities such as stocks and bonds are known as collateral loans. The period of this loan given by commercial banks is from a month to six months. This market deals in collateral loans.

Bill / discount Market: In this market short-term papers or commercial bills are bought and sold. These bills might be trade bills or treasury bills.

Acceptance Market: In these market banker's acceptances is involved in trade transactions in the form of draft. It is more used in international trade dealings.

ii) Capital Market:

It is an organised mechanism for effective transfer of financial resources from investing parties to the entrepreneurs. In this market institutional arrangements are made for facilitating the borrowing and lending of long-term funds. New issue markets, secondary markets, line script less trading markets are the components of capital market.
i) **New Issue Market:** It is the primary market where both the newly started and existing companies participate. This market facilitates the transfer of funds from the investors to the entrepreneurs. In this market where new securities like shares and bonds that have never been issued or previously issued, are offered.

ii) **Stock Market:** This is secondary market where trading of existing securities, shares and debentures are done. In this market organised mechanism is developed and utilized for both purchase and sale of existing securities. Stock market is a ready market for liquidating the investments. Stock exchange help, regulate and control the business of buying and selling of securities.

iii) **Forex Market:** Forex market is a highly specialized for money-changers, which deals in foreign exchange. This market provides currency of an exporting country to importers and local currency to exporters.

**Check your progress - 5**

1) In which market both buyers and sellers are from the same village or town?
   A) Local market  
   B) Regional market  
   C) Interstate market  
   D) None of these

2) In which market both buyers and sellers are from the surrounding villages or towns?
   A) Local market  
   B) Regional market  
   C) Interstate market  
   D) None of these

3) In which market buyers and sellers belong to different states?
   A) Local market  
   B) Regional market  
   C) Interstate market  
   D) None of these

4) Which of the following is the widest market?
   A) Local market  
   B) Regional market  
   C) Interstate market  
   D) International Market

5) In which market exchange of agricultural production takes place?
   A) Agricultural goods market  
   B) Consumer goods market  
   C) Capital Market  
   D) None of these
6) In which market end-users purchase goods for their own consumption?
A) Agricultural goods market  B) Consumer goods market
C) Capital Market  D) None of these

7) In which market effective advertising and sales promotion is carried out to increase demand of products?
A) Agricultural goods market  B) Consumer goods market
C) Capital Market  D) None of these

8) In which market goods for producing other products are made available?
A) Industrial Goods Market  B) Consumer goods market
C) Capital Market  D) None of these

9) Which market is formed by small traders or retailers and consumers?
A) Industrial Goods Market  B) Wholesale Market
C) Retail Market  D) None of these

10) In which market transaction is made without actual inspection of goods?
A) Agricultural goods Market  B) Wholesale Market
C) Retail Market  D) None of these

11) Which market deals with shares, stocks, bonds, loans, credit papers etc.?
A) Industrial Goods Market  B) Consumer goods market
C) Capital Market  D) Retail Market

12) Which market is governed by the constitution?
A) Industrial Goods Market  B) Consumer goods market
C) Organised/Regulated market  D) Retail Market

13) In which market only members of that market can participate?
A) Industrial Goods Market  B) Consumer goods market
C) Organised/Regulated market  D) Retail Market
14) Which of the following is also known as cash market?
A) Industrial Goods Market  
B) Future market  
C) Spot market  
D) None of these

15) Which of the following is also known forward market?
A) Industrial Goods Market  
B) Future market  
C) Spot market  
D) None of these

16) In which market customers are taken for granted?
A) Sellers' market  
B) Buyers’ Market  
C) Perfect Market  
D) None of these

17) In which market customers care and satisfaction is neglected?
A) Sellers' market  
B) Buyers’ Market  
C) Perfect Market  
D) None of these

18) Which market is dominated by buyers?
A) Sellers' market  
B) Buyers’ Market  
C) Perfect Market  
D) None of these

19) In which market customers’ service, satisfaction, care, choice and delight are most important?
A) Sellers' market  
B) Buyers’ Market  
C) Perfect Market  
D) None of these

20) In which market large numbers of buyers are present?
A) Perfect Market  
B) Industrial Goods Market  
C) Capital market  
D) None of these

21) In which market whole market for the product is divided into various segments?
A) Perfect Market  
B) Industrial Goods Market  
C) Imperfect market  
D) None of these
22) In which market agricultural products are sold at village levels by farmers?
A) Primary Market  
B) Secondary Markets  
C) Terminal Markets  
D) None of these

23) In which market manufactured or processed products are sold?
A) Primary Market  
B) Secondary Markets  
C) Terminal Markets  
D) None of these

24) In which market finished products are finally sold to consumers?
A) Primary Market  
B) Secondary Markets  
C) Terminal Markets  
D) None of these

25) Which market deals only in short term finances?
A) Money Market  
B) Primary Market  
C) Terminal Markets  
d) None of these

26) Which market facilitates the transfer of funds from the investors to the entrepreneurs?
A) New Issue Market  
B) Primary Market  
C) Stock Market  
d) None of these

27) In which market trading of existing securities, shares and debentures are done?
A) New Issue Market  
B) Primary Market  
C) Stock Market  
d) None of these

2.3 Summary:

Market is the entire region where different buyers and sellers contact each other to bargain at a certain price. The concept of market emerged from the concept of exchange and relationship. Market structure depends on the functional interrelationship between the various firms which are operating in same market. In general the term market structure refers to the extent and the way in which various firms constituting a particular market are functionally interrelated with each other. Market structures are of three types namely, perfect Competition, monopoly and imperfect Competition. Development of market plays very important role in the
development and progress of consumers, producers, society and nation. Market system is dual exchange system developed due to exchange of goods and services within buyers and sellers. Many economic, physical, social, cultural and political factors affect market system. On the various bases such as motives behind market, nature of market and many other factors classification of markets are done.

2.4 Terms to remember:

- **Structure** - A complex entity constructed of many parts to become whole.
- **Competition** - A business relation in which two producers / sellers compete to gain customers
- **Trade** - The commercial exchange or buying and selling of goods and services
- **Buyers** - A person who buys from market
- **Seller** - A person who sells in market
- **Development** - A process in which expanding, enlarging or refining something take place
- **System** - A group of independent and interrelated elements forming a unified whole
- **Services** - Work done that benefits and helps another
- **Goods** - A product that is bought and sold commercially
- **Money** - The medium of exchange

2.5 Answers to check your progress

Check your progress -1
1) C) buyers and sellers
2) A) Money
3) B) Goods
4) C) Consumers

Check your progress -2
1) A) competitors
2) C) Inversely proportional
3) A) Perfect Competition
4) C) Perfect Competition
5) A) Monopoly
6) B) Monopoly
7) A) Perfect Competition and Monopoly
8) C) Monopolistic Competition
9) D) Duopoly
10) B) Two
11) A) Bilateral Monopoly

Check your progress -3
1) B) Reduces
2) B) motivates
3) C) momentum
4) C) Improvement

Check your progress -4
1) C) Money
2) A) Goods
3) C) Number of consumers
4) A) Climate

Check your progress -5
1) A) Local market
2) B) Regional market
3) C) Interstate market
4) D) International Market
5) A) Agricultural goods market
6) B) Consumer goods market
7) B) Consumer goods market
8) A) Industrial Goods Market
9) C) Retail Market
10) B) Wholesale Market
11) C) Capital Market
12) C) Organised/Regulated market
13) C) Organised/Regulated market
14) C) Spot market
15) B) Future market
16) A) Sellers' market
17) A) Sellers' market
18) B) Buyers’ Market
19) B) Buyers’ Market
20) A) Perfect Market
21) C) Imperfect market
22) A) Primary Market
23) B) Secondary Markets
24) C) Terminal Markets
25) A) Money Market
26) A) New Issue Market
27) C) Stock Market

2.6 Exercise:
1) Explain the concept of market.
2) What is mean by market structure? Explain types of market structure.
3) Explain importance of market.
4) What is market system? Explain factors affecting market system.
5) Explain classification of markets.

2.7 Reference for further study

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Unit-3
International Trade

Structure
3.0 Objectives
3.1 Introduction
3.2 Subject – Discussion
   3.1.1 International trade: Meaning
   3.2.2 Importance of International trade
   3.2.3 Basis of International trade
   3.2.4 Classical Theory of International Trade
   3.2.5 Trade organizations.
      3.2.5.1 World Trade Organization (WTO)
      3.2.5.2 Organization of Petroleum Exporting Countries (OPEC)
      3.2.5.3 European Economic Community (EEC)
3.3 Summary
3.4 Check Your Progress
3.5 Technical terms and their meaning
3.6 Answers to Check Your Progress
3.7 Exercise
3.8 References for further study
3.0 Objectives

By the end of this unit, you will be able to –

- Define the trade and state the types of trade,
- Understand the meaning of international trade.
- Study the importance of international trade.
- Discuss the fundamental factors, necessary for the international trade.
- Explain the transformed nature of international trade after 1980
- Understand the role of trade organizations like WTO, OPEC and EEC.
- Discuss the classical theory of international trade.

3.1 Introduction

We have studied from the previous units, the definitions, nature, scope of commercial geography, the resources, man’s economic activities, biotic resources, transportation and communication, etc. In this unit we are going to study the various productions, their exchange, types of trade, international trade, some trade organizations, their functions and their role in the international trade and the classical theory of international trade.

3.2 Subject Discussion

3.2.1 International Trade

The food, shelter and clothing are the three basic needs of man. To fulfil these needs, man tries to use the available resources around him. The nature of needs went on changing with the changing living standard of man. In course of time, man came to know that his needs can not be fulfilled completely through the resources around him. Some resources are abundantly available in a particular region. Using those resources, it is possible to obtain the productions which are not available. Then he obtained the commodities which are not available with him.

The production of a commodity in a particular region becomes surplus due to uneven distribution of resources and regional differences but at the same time the same commodity may be deficient in another region. This raises the exchange of
commodities, which is the beginning of trade. In the beginning, a commodity was exchanged by another commodity. In modern times, the trade activity became very quick through the currency in which the exchange of commodities has been carried out by using some basic principles.

The nature of trade started changing with the increasing scope of trade. In the beginning, the trade was carried out in a limited area. But it expanded with the development of industries and transport and communication. The trade shifted from local to regional, national and international levels. The following are the two types of trade.

1. **National Trade**: The trade that occurs within the boundaries of a nation is known as a national trade. This trade is limited to one country.

2. **International Trade or Foreign Trade**: In the expansion of trade when it crosses the boundaries of a country nearby or countries at distant locations is known as international trade. A trade between or among the countries is known as foreign trade. The international trade is becoming important due to growing and changing needs of man and the development of transportation and communication.

The international trade of every country in the world is carried out in two directions. When the commodity is sent from one country to another is called as ‘export trade’, while a commodity, brought from other country is known as ‘import trade’. By the measurement of import trade and export trade, the international trade consists of the following trade types.

1. **Balanced Trade**: When the trade-value of import and export trade of a particular country is equal, it is known as balanced trade.

2. **Adverse Balanced Trade**: When the import trade-value is more than the export trade value, it is known as adverse balanced trade.

3. **Favourable Balanced Trade**: When the import trade-value is less than the export trade value, it is known as favourable balanced trade.

The international trade can be between the two countries (bilateral) or among the countries more than two (multilateral). Similarly, the trade can be visible or invisible in nature. In the visible trade, the commodities are directly sold or
consumed, while in the invisible trade, the commodities are directly sold but they can be economically benefited to a country i.e. tourism.

3.2.2 Importance of International Trade

The importance of international trade can be stated as –

1. A commodity can be consumed irrespective of its production in the country.
2. The goods are available with the reasonable rates through international trade.
3. A specialization in a particular production may be done.
4. Different commodities or goods may be chosen as per our liking.
5. The calamities can be faced by importing the commodities in such situations, i.e. earthquakes, draughts.
6. The ideas, thoughts may be exchanged.
7. An opportunity of enjoying the scarce resources may be possible.
8. The benefits of division of labour are obtained by all.

3.2.3 The bases for international trade –

1. Uneven distribution of national resources

The national resources are donated by nature but their distribution is very uneven. The distribution of land, climate, water, minerals, vegetation and animal life, etc. on earth is very uneven. The uneven distribution of these natural resources can be studied in the following manner.

A) Climate : The climate on earth is not similar at all locations. The types of crops, animals, vegetation depend on climate. Generally, three climatic zones: tropical, temperature and cold are found on the earth. The crops like tea, coffee, rubber, coco, coconut, sugarcane, rice, etc, are grown in tropical zone; while the vegetables, maize, wheat, different fruits in temperature zone. In cold zone hairy leather is obtained. The trade of such commodities is involved with in the regions.
B) Mineral resources: The earth is a store-house of various minerals, but their distribution over the earth is very uneven. The countries, having rich deposits of minerals, develop mining and export the minerals and the products produced out of minerals i.e. the export of mineral oil from Middle-East countries. The minerals got greater importance after the industrial revolution. The industrial development was achieved due to the minerals, which encouraged the international trade.

C) Relief Conditions: A large portion of earth’s surface is covered by the mountains, plateaus and plains. A similar type of relief is not found all over. The agriculture is delimited in mountain region but the same region may invite ideal locations for tourism, which can give rise to the invisible foreign trade. In plateau and plain region, different productions through the occupations like agriculture, animal rearing, mining, transportation and communication, manufacturing may be obtained and the international trade may be increased. But if the natural conditions on plateau and plains are unfavourable, the scope for producing commodities becomes limits. i.e. region with snow cover, desert region.

Similarly, the uneven distribution of natural resources like water, soils, vegetation and animal, affects the international trade.

2. Distribution of population –

The distribution of world population is very uneven. The food produced in the densely populated areas is consumed in the same region. Sometimes such countries import the food-grains. On the other hand, the sparsely populated countries export the food-grains due to its low local demand. This gives rise to the international trade. Some industrial regions have dense population from where various kinds of finished products are exported and raw materials are imported.

Generally, the market for various commodities, is available from the densely populated areas, while the trade is delimited in the sparsely populated areas.

3. Uneven Economic Development

The even economic development is not found all over the world. A big trade takes place between the developed and backward countries. A raw material on large scale is obtained by the developed countries from the backward and developing countries. On the other hand, the finished products are exported by the developed countries. The developed countries send the industrial goods and the products from
agriculture, animal rearing, mining, and fishing to the world market. All the
developed, developing and backward countries are important from the view point of
international trade, because the foreign trade grows due to the uneven economic
development.

4. Foreign Investment

The trade among the countries takes place when the people of one country
invests in another country. Bigger the investment, higher is the development of
international trade. The investment flows from developed countries to backward
countries by which the trade is developed.

5. Facilities of Transport and Communication

These are very important factors in the development of international trade. Transport consists of roadways, railways, waterways and airways. The goods are
transported to the ports, aerodromes, markets, etc with the help of roads and railways
while by airways and waterways the goods are transported to the world market. Today it has become possible to carry the goods in a short time by quick airways and
to preserve the perishable goods through the facilities like refrigeration.

The recent and update information about trade may be made available through
the communication means. It benefits to the development of trade. Today the
communication media like T.V., telephone, satellite and internet has been helping a
lot in the development of trade.

6. Government Policy

The international trade also depends on the policy of the government. If the
policy is beneficial to the international trade, it develops but the harsh conditions and
heavy tax on export-import trade adversely affect the trade. If the foreign policy and
political relations of a country are good or healthy, the trade develops while such
relations between the countries are disputable, the trade affects badly.

7. Rate of Octroi

The octroi affects to a great extend on the international trade. If the heavy octroi
is put on the import commodities, it affects the prices of such commodities which
adversely affects the trade. On the other hand, if the octroi duty is less, the prices of
such commodities will be low, which shows a big growth in the trade.
8. Inter-relationships among countries:

The friendly and close relations between the countries benefit the international trade e.g. India and Russia. On the contrary, if the relations between the countries are full of conflict and tension, it limits the international trade e.g. India and Pakistan; Cuba and U.S.A., South Korea and North Korea.

9. Surplus Production

Sometimes, a country is competent to export when she gets a surplus production. Some countries of the world get huge amount of productions due to favourable geographical and other conditions. Such surplus productions are sent to the international market, which enhances the international trade. For example, tea from India, coffee from Brazil, wool from Australia, sugar from Cuba, tin and rubber from Malaysia, mineral oil from Middle East, wheat from Argentina, etc.

10. World situation

To promote the international trade, it is necessary to have a peaceful world environment. The war-like situation affects adversely on international trade. The spoiled relations between or among nations affect the waterways, airways and land surface ways, which ultimately influences adversely the trade.

11. Advertisement

The present age is known as the age of advertisement. The commodities got publicity by advertisement which promote the demand and enhances the trade.

Check your progress – 1

Choose the correct option for the following.

1. What is the trade that occurs within the boundaries of a nation?
   a) National trade    b) Balanced trade
   c) International trade  d) None of these

2. What is the trade that occurs among the nations?
   a) National trade    b) Free trade
   c) Imbalanced trade  d) International trade

3. What type of trade is tourism?
   a) Balanced trade    b) Invisible trade
3.2.4 Classical Theory of International Trade

The international trade is based on the profit motives. David Ricardo, a notable classical economist, put forth a theory called ‘The theory of comparative cost advantage’ which is also known as ‘The classical theory of international trade’. This theory explains the basis of international trade and how and why different countries of the world gain by trading.

**Ricardo’s Principle**

D. Ricardo stated that other things being equal a country tends to specialize in and export those commodities in the production of which it has maximum comparative cost advantage or minimum comparative cost disadvantage. Similarly, in case of imports, a country imports those goods having relatively less comparative cost advantage or greater disadvantage.

**Assumptions**

Ricardo has put the following assumptions for his theory.

1. Labour is the only productive factor.
2. Costs of production are measured in terms of the labour units involved.
3. Labour is perfectly mobile within a country but immobile internationally.
4. Labour is homogeneous.
5. There is unrestricted or free trade.
6. There is constant returns to scale.
7. There is full employment equilibrium.
8. There is perfect competition.

**Explanation**

With the above assumptions Ricardo explains his theory. He has made a comparative cost analysis with the following three types.

1. **Absolute cost difference**
2. **Equal cost difference**
3. **Comparative cost difference.**

Let us have an example that there are two countries A and B and two commodities or goods X and Y to be produced in these countries. Further, let us take some hypothetical data to illustrate and explain the comparative cost analysis.

1. **Absolute Cost Difference** -

   This cost difference between two countries A and B for two commodities X and Y has been shown in the following table.

   **Table 1 – Absolute Cost difference**

<table>
<thead>
<tr>
<th>Country</th>
<th>Commodity Production (units)</th>
<th>Comparative Cost ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>Y</td>
</tr>
<tr>
<td>A</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>B</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

   The above table reveals that country ‘A’ produces 100 units of ‘X’ commodity while country B produces 50 units of the same commodity. The case in Y production is reverse. That means country A has absolute advantage over B in the production of X while B has absolute advantage in the production of Y.

   In this situation country A can export X commodity where it is surplus to B where the production of it is less. On the other hand, country ‘B’ can export Y commodity as it has surplus production to A where there is less production. This absolute difference in production cost between two countries can have advantageous trade.
2. Equal Cost Difference -

According to Ricardo when there is equal cost difference it is not advantageous trade. It is shown in table – 2

<table>
<thead>
<tr>
<th>Country</th>
<th>Commodity Production (units)</th>
<th>Production Cost ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>Y</td>
</tr>
<tr>
<td>A</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>B</td>
<td>50</td>
<td>25</td>
</tr>
</tbody>
</table>

The above table shows that due to the equal cost difference in the production of commodities in two countries, the comparative cost ratio is the same. Therefore, the trade between the two countries will not take place because it will not be advantageous to any country.

3. Comparative Cost Difference

Comparative cost is the main base of Ricardo’s theory. Ricardo measures the labour cost as the production cost. There is difference in comparative cost of production between two countries due to the specialization which leads to the trade flow. The following table makes it clear.

<table>
<thead>
<tr>
<th>Country</th>
<th>Commodity Production (units)</th>
<th>Comparative Cost ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>Y</td>
</tr>
<tr>
<td>A</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>B</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Table 3 shows that country A produces 200 units of commodity with a definite labour cost and with the same labour cost, country B produces 50 units of production of the same commodity. It means country A has four fold production of the commodity than ‘B’.

Similarly, country A produces Y commodity two-fold than country B. It means country A gets half the production cost of Y commodity than the country B. It indicates that country A is getting highest level in both productions.
The production cost in both the countries is different as country A has cost ratio 2:1 while B has 1:1. Hence, both countries A and B can have trade of such commodities which will be advantageous to both countries.

**Criticism**

This ‘classical theory of international trade’ has been criticised widely. Some of the objections are as follows:

1. Labour is not the only factor in the production of any commodity. The capital, management, technology etc. factors have not given importance by Ricardo.
2. The transport cost in the international trade has greater importance which has not been considered in the theory.
3. This theory is based on static production returns but the production of commodities can increase or decrease when the international trade takes place.
4. In the globalization period, this theory has less practical importance.
5. The production of any commodity is not only related to the cost of production but it has also concern with the demand.
6. According to this theory, the factors of production in a country are totally dynamic. But in reality such factors are not dynamic at all times and in all regions. They are controlled by the religion, language, race etc.

In spite of such comments, this has got importance in the development of international trade. This theory pleads the case of free – trade. Kindalberger has also appreciated this theory.

**3.2.5. Trade Organizations**

**3.2.5.1. World Trade Organization (WTO)**

The role of GATT and Dunkel Proposal in the international trade is very important. The Dunkel Proposal was widely debated in various countries. The implementation of this proposal was necessary. Therefore, on 15th April 1994, the member countries decided to establish the WTO and it started its working from 1st Jan. 1995. Therefore, the WTO started its working in face of GATT and Dunkel Proposal.
Objectives of WTO

1. To promote the income of a country, people.
2. To encourage the employment opportunities.
3. To expand the trade
4. To suggest remedies for environmental balance.
5. To enhance rapidly the trade in the developed countries.

Management of WTO

The management of GATT, in the beginning, was done collectively by the members of GATT which is replaced by WTO. The implementation of 28 points of agreement suggested in Dunkel Proposal is to be carried out by WTO.

1. The WTO should work and take decisions in such a way that any member should not have any objection.
2. When the decision is not unanimously acceptable, the organization may decide it with the principal ‘one nation-one opinion’.
3. The disputes among the member-nations are to be settled with a gentle step.
4. If the member-nation transgresses the agreement, she will have to pay the loss of the affected country.
5. The WTO will solve the problems through negotiations.

The Benefits of WTO

The WTO, right from it’s establishment, has been working satisfactorily. It has benefited number of nations. The international trade of such nations has been increased and the overall international trade is increased tremendously.

GATT, Dunkel Proposal, WTO and India

India, after independence, has tried to acquire the development to a large extent through Five Year Plans. But it failed in achieving a satisfactory growth in the international trade. The trade-deficit after 1980 showed the increasing trend. Hence, we accepted the agreements related to GATT and WTO. It benefited India for her growth in trade and lessened the trade-deficit. According the economists, it may perhaps finish the deficit completely.
1. India, being a member at the establishment, will get the benefits of the growth in the international trade.

2. India, being an agrarian country, could make a substantial development in agricultural goods, clothes, fish-products.

3. The prices of agricultural goods in India are low as compared to other countries of the world. Hence, the export of Indian agricultural goods will increase.

4. Free entrance in the sectors of computer, medicine, cinema, etc. has been given in WTO which will increase the foreign currency of India.

5. India will be able to make trade relations directly with any country of the world and that will increase a lot in the trade.

   In the last couple of years, it has been experienced that the Indian trade has been increasing.

3.2.5.2 Organisation of Petroleum Exporting Countries (OPEC)

Background of the establishment of OPEC

An expert, Dr. John Alphanso, from Venezuala in Latin America, put an idea in 1946 about the trade of oil. According to him, the countries, which produce the commodities having world-wide importance in trade will have to unite to decide certain policy regarding the export of that commodity. The trade agreements among the nations were involving in different commodities. The idea put by Dr. Alphanso was in relation to one commodity only, which was unique and different.

Establishment of OPEC

The first meeting of the countries, producing mineral oil, took place in 1959 to think over the idea put by Dr. Alphanso. In this meeting Dr. Alphanso presented his idea before the member-delegates from oil producing countries, which favoured a lot to all. With this, an organization established in 14th Nov.1960, which is popularly known as Organization of Petroleum Exporting Countries (OPEC). An agreement regarding the same was signed at the Baghdad, a capital of Iraq. In the beginning, few countries accepted the membership including Iraq, Iran and Saudi Arabia and Venezuela. In the later period, Libiya, Nigeria, Quatar, Abudhabi, Indonesia, Equador joined the organization.
Objectives of OPEC

1. To keep the equal oil-prices in the international market.
2. To keep the oil prices stable.
3. To create co-operation and friendship among the member countries.
4. To establish new industries in the oil exporting countries with the help of other countries.

Success and Failure of OPEC

Many countries got freedom after II World War. The beginning of industrial and transport development in such countries, increased the demand of mineral oil. It benefited a lot to the OPEC mineral oil and to the OPEC members.

The oil exporting countries opened various industries within their countries with the help of other countries. The oil refinery, fertilizers are the important industries among them which enhanced the economic development of these countries.

European Economic Community (EEC)

Background – In the international trade sector, the EEC has got highest popularity. The countries of Europe, together established this EEC trade organization on 25th March 1957 at Rome in Italy. The trade agreement came into practice by 1st Jan.1958.

Objectives of the EEC

1. To end the difference in the policies related to trade among the members.
2. To implement equal policy of trade.
3. To create collective markets for the commodities.
4. To create good communication among the member-nations regarding the economic development.
5. To raise the standard of living of the people among member countries.

Nature of Organization

The nine countries of Europe- Belgium, Netherlands, Denmark, France, Germany, Ireland, Italy, Luxemburg and Britten are the permanent members of EEC and other 28 members are partly joined. As per the constitution of the organization,
the participation of member-countries is a must and the agreements are made with the partly joined countries as per the need.

**Functions of the Organizations**

This organizations has done various kinds of work

1. All the member countries have similar octroi system.
2. There is free exchange of services, goods, capital and labor among member-countries.
3. The rules regarding the import and export among member countries have been framed.
4. The policy of collective agricultural productions and their exchange among member countries have been made.
5. The rules regarding the agricultural productions and their exchange among member countries have been made.
6. The financial assistance to agricultural sector was being supplied from the collective money of member countries.

**Success and Failure of EEC**

After the establishment of EEC, Many doubts were presented about its success. But the countries came to know it’s utility and importance.

The member countries acquired the development in agricultural sector. Similarly, the other countries of the world asked for the co-operation with EEC, It indicates the success of the EEC.

★ **Self learning questions - 2**

**Choose the correct option.**

1. When was the implementation of GATT started?
   a) 1st Jan 1948      b) 1st jan 1995      c) 15th April 1994  d) 14th Nov 1960
2. When was the World Trade Organisation established?
   a) 1st Jan 1948      b) 15th April 1994  c) 1st Jan 1994      d) 14th Nov 1960
3. When was the work of WTO started?
3.3 Technical words and their meaning.

* Trade – Exchange of goods or commodities.
* Internal trade- Trade carried out within the boundaries of a nation.
* International trade – A trade among the countries.
* GATT- General Agreement on Tariff and Trade
* WTO- World Trade Organization
* EEC- European Economic Community
* OPEC- Organization of Petroleum Exporting Countries.

3.4 Answers to the self-learning questions

- Self learning questions-1
  1) a  2) d  3) b  4) d  5) d  6) b
• **Self learning questions-2**

1) a  
2) b  
3) a  
4) a  
5) a  
6) c  
7) c  
8) a  
9) c  
10) c

3.5 **Summary:**

The use of natural resources by man is for the fulfillment of his basic needs. But the distribution of natural resources in the world is very uneven. Hence, all the regions cannot produce all kinds of commodities of use. Some regions obtain huge productions due to the availability of resources and favourable natural conditions; while unfavourable natural conditions and improper use of resources in some regions lack in various productions. This gives rise to the exchange of commodities and the trade begins. The nature of needs went on changing with the changing living standard of man, which enhanced the trade. The fulfillment of needs, gaining money, raising of living standard are the main objectives of trade.

Today the trade has been acquiring importance from different angles. Consuming the commodities without producing those, getting commodities for reasonable prices, getting help at the time of calamities, consuming the scarce natural resources by all are the important aspects of international trade.

The internal trade and international trade are the two types of trade. The internal trade occurs within the boundaries of a nation. The wholesale trade and retail trade are the two types of internal trade. A trade carried out among the nations is known as international trade. It is carried out in two directions, i.e., import and export. Similarly, the trade consists of balanced trade, adverse balanced trade and favourable balanced trade.

The uneven distribution of natural resources and population, uneven economic development, foreign investment, advertisements, interrelationships among countries, etc., are the basic factors, which decide the nature of international trade.

The nature of international trade has been changing day by day. The international trade has been growing to a large extent due to the existence of various trade organizations. The development of transportation is playing an important role in the international trade. A huge transaction of the commodities in the international market like food grains, mineral oil, animal products, fertilizers, computers, industrial finished products, chemicals, medicines, etc., has been taking place.
The role of some trade organizations is very important for the development of international trade. The WTO was established to implement the Dunkel Proposal, the employment, expanding the trade are the main objectives of WTO. It has been highly benefited to the international trade.

The countries, which are exporting the same commodity should have an organization. With this idea of Dr. Alphanso, the OPEC was established on 14th Nov. 1960. The mineral oil has been exported by the member-countries of OPEC. The countries of OPEC got a big economic benefit. This organization started working to keep the oil – prices stable.

Some countries from Europe came together and established a trade organization called European Economic Community (EEC). This organization established on 25th March 1957 at Rome in Italy. The EEC has 9 permanent members and 28 co-members. It developed the manufacturing and agricultural sectors of Europe. The other organizations in the world took a cognizance of the work done by the EEC.

In this way, the international trade increased to a large extent through the work done by the various trade organizations. The importance of trade organizations started increasing.

3.6 Practice Assignments
1. What is international trade? Explain the importance of it.
2. Describe the basic factors necessary for the international trade.
3. Explain the Ricardo’s classical theory of international trade.
4. Write an account of WTO.
5. Write a note on OPEC.
6. Explain the functions of EEC.
7. Explain the changing nature of international trade.
8. Explain the role of trade organizations in the international trade.

3.7 Books for more readings
• Magar Jaikumar: Arthik Bhugol, Vidya Prakashan, Pune.
• Tawade and Sawant: Arthik Karyacha bhugol, phadke prakashan, pune.
• Arunachalam, B: Economic and Commercial Geography, A.R. Sheth and Co. Mumbai.
• Hartshorn and Alecander: Economic Geography, Prentice Hall of India, New Delhi.
Unit-4

Tourism Industry in India

Structure

4.0 Objectives

4.1 Introduction

4.2 Subject- Discussion
   4.2.1 Meaning and Definitions of tourism & Significance
   4.2.2 Tourism in modern period in India
   4.2.3 Tourist traffic branch
   4.2.4 Tourist information offices in India
   4.2.5 Tourist information offices in overseas
   4.2.6 Ministry of Tourism
   4.2.7 Department of Tourism
   4.2.8 Tourism since Independence
   4.2.9 Foreign Currency
   4.2.10 India Tourism Development Corporation

4.3 Major Tourism Centres in India
   4.3.1 Jammu-Kashmir
   4.3.2 Delhi
   4.3.3 Uttarakhand
   4.3.4 Maharashtra
   4.3.5 Goa
   4.3.6 Kerala

4.4 Summary

4.5 Check your Progress
4.6 Field Work.
4.7 Answers to check your progress
4.8 Exercise
4.9 References for further study

4.0 Objectives
After studying this unit you will be able to-

- Understand tourism industry.
- Understand importance of tourism
- Understand the historical development of tourism and tourism in modern period.
- Understand main destinations of Jammu & Kashmir.
- Understand main destinations of Delhi.
- Understand main destinations of Uttarakhand.
- Understand main destinations of Maharashtra, Keral & Goa.

4.1 Introduction
In this unit we are going to study the tourism activity as a commercial activity of India. We also study the development of tourism in India through time. So in this topic we are discussing on the development and situation of tourism in India. Now tourism becomes a basic and most desirable activity deserving the praise and encouragement at all people and Government. It is a phenomenon of modern time. It gives employment and money where this industry established.

4.2 Subject Analysis
Tourism is an Industry concerned with attracting people to a destination, transporting them, housing, feeding and entertaining them upon arrival and returning them to their homes. India is called as land for all seasons. India being a vast and diverse country having something to offer to everyone. The beauty of it’s ancient monuments, the beat and rhythm of its folk and classical dances that have come down the ages almost unchanged, its colourful crowded Bazaars contrasting with the
peace. All these go to make India a “Paradise of the earth” for tourist. After second world war tourism industry grow day by day. Now a day it converted to modern tourism in India.

In India many states having lightning and prosperity because of this Industry i.e., Jammu and Kashmir, Delhi, Uttarakhand, Maharashtra, Goa & Kerala. Lakhs of people visited this places every year. Now a day tourism industry become a main occupation of this states.

4.2.1 Meaning and Definitions of Tourism

Tourism is an industry, which concerned with movement of people. But travel is interwoven with time to time. It is necessary to be aware of both in order to appropriate their significance to tourism and time affects the demand for travel and structure in Industry. Tourism is a such type of activity which has socio-cultural impact on the society. It is necessary to understand the meaning and definitions of tourism. The world ‘tourism’ derived from Latin language world ‘tour’. ‘Tour means circular trip that is usually made for business, pleasure or education at the end of which one returns to the starting point normally the home.

Definitions

1. “From the time of his decision to visit a particular place for purpose of tourism and travel actually undertaken till time, tourist returns home, wide range of activities would have been taken place. All these activities undertaken by the millions of tourist around the world in a given period of time may be described as tourism.”

2. “Tourism as an industry concerned with attracting people to a destination, transporting them there, housing, feeding and entertaining them upon arrival and returning them to their homes or it is an industry which deals mostly with consumers, tourists, money and people which provide them goods and services.”

3. WTO (1991) – Tourism is defined as “the activities of a person traveling to a place outside his or her usual environment for less than a specified period of time and whose main purpose of travel is other than the exercise of an industry remunerated from within the place visited.”
4. Hunziker – “Tourism is the sum of phenomena and relationship arising from the travel and a stay of non-residents in so far as they do not level to permanent residence and are not connected with any earning activity.”

5. Hermann V. Schullard – He defined tourism that “Tourism as the sum total of operates mainly of an economic nature which directly related to the entry, stay, and movement of foreigners inside and outside a certain country, city or region.”

6. Britain tourism society (1976) - “Tourism is the temporary short term movement of people to destinations outside the places, where they normally live and work and their activities during the stay at these destinations, it includes movement for all purpose as well as day visit or excursions.”

**Definition of Tourist –**

The term tourist is derived from the world tour.

1. Tourist is a person who makes a Journey for the salve of curiosity, for the fun, traveling or just to tell others that he has traveled.

2. International Union of official Tourists organization (1973) IUOTO – The term tourist is defined as “any person traveling for a period of 24 hours or more in a country other than in which he usually resides.”

3. In 1963, there was United Nation’s Conference on ‘Travel & Tourism’ at Rom. In this conference the term visitor is used for tourist. A visitor is a person visiting country or region other than in which he has usual place of residence, for any reason other than an occupation remunerated from with the country visited. This definition was adopted by IUOTO in 1968.

**Significance of Tourism –**

The rapid increase in tourism is the outcome of many factors, Such as increased leisure, higher standards of living and improved education, but above all the developments in the means of speedy transport and communication. During the past fifteen years there was a remarkable increase in the number of long distance journeys undertaken by tourists and since the average holiday period is still two to three weeks duration such extended journeys would have been impossible without accelerated development in transport. Such improvements in transport have made it possible for millions of people to travel far-away places that only a few generations ago were regards as being almost entirely inaccessible. Today the holiday maker can
transported a thousand miles or more in a matter of few hours. The importance of tourism is as follows.

* It has given a direction and opportunity to the people of the country through inbound and outbound tourism to understand the geographical and cultural diversity of region.

* Tourism is the tool to bring out a greater national integration as well as social integration.

* Tourism is a cause for economic and demographic changes and these changes always catch the attention of tourists.

* Tourism is a labour oriented industry. It provides employment several times more than the normal manufacturing industry.

* Tourism industry requires hotels, restaurants, travel agents, tour operators, gift shops, transporters, construction firms, supplier of food, Taxi-drivers, Photographers, guides, hair-dressers, doctors, etc. So these service sectors are developing because of tourism industry.

* Shopping is the important activity in tourism. So tourism promotes handcraft and house hold industries who produce unique products.

* Tourism helps for the sustainable development.

* Tourism is the important tool for the conservation and protection of nature as well as historical sights.

* The most significant thing is that the tourism may be a remedy on the economic backwardness of the region.

* Tourism is considered as earner of valuable foreign exchange and viewing opportunity of climbing.

* Tourism is the cause of higher tax revenue to the state and causes sustainable human development.

* Tourism having multiplier effect on the economy of the area.

* The areas that having unfavourable topography and climatic condition for the development of other economical sector such areas can develop through tourism e.g. Hill stations, Jammu & Kashmir, Rajasthan etc.
4.2.2 Tourism in modern period in India

India is the world’s second most populous country with enormous variety of distinct racial and ethnic types. There are major religions and linguistic divisions, as it were, is still the principal basis for the delineation of cultural and social divisions of the Indian population. There is something unique about the continuity of this cultural and social heritage through thousands of years of Indian history. Few other countries in the world perhaps can boast of such a continuity of tradition and cultural life. Jawaharlal Nehru in ‘The Discovery of India’ states: “There was something living and dynamic about this heritage which showed itself in ways of living and a philosophical attitude to life and it’s problem.”

The first conscious and organized efforts to promote tourism in India was made in the year 1945, when a committee was set up by the Government of India under the chairmanship of Sir John Sargent, the Educational Adviser to the Government of India.

The Main objective of the committee was to survey the potentialities of developing tourist traffic in the country. Following were the terms of references of the Sargent Committee.

(i) After reviewing the nature and extent of tourist (and pilgrim) traffic in India both examine what scope there is for increasing such traffic or for developing other like traffic during the post-war period.

(ii) To suggest ways and means of creating both in India and overseas the desire for touring including visits to holiday resort, good climate stations, scenic places, places of pilgrimage, or historical and of archaeological interest in India.

(iii) To suggest what facilities should be provided at places to be developed and advertised for a Indian visitors, and foreign visitors. The facilities to be considered should include means of travel from nearest railway station, residential accommodation, supply of literature and guide books, provision of authorized guides etc.

(iv) To recommend what action should be taken for providing the necessary facilities by a Indian states and for local government and also various departments of the Central Government.
To deal with other aspects of tourist traffic not covered by the above terms of references.

Thus the Sargent committee which submitted their interim report in October 1946 were unanimously of the opinion that it would be in the interest of India to encourage and develop tourist traffic both internal and external by all possible means.

One of the major recommendations of the committee related to the setting up of a separate representative organization of semi-officials. The committee recomended that the question of promoting and developing tourist traffic was a matter of great national importance and therefore, it deserves the whole time attention of a separate organization which should take initiative in such matters as:

(i) Publicity both in India and abroad.
(ii) Production of suitable literature such as guide books, folders, posters etc.
(iii) Provision for training of guides.
(iv) Liaison with other government departments responsible for providing facilities required by tourists including information in regard to industries and commercial matters.
(v) Liaison with the travel agencies which would necessarily remain responsible for the detailed arrangements of tourists.
(vi) Liaison with hotels and catering establishments.
(vii) Collection of tourist statistics.

Some of the other major recommendations of the committee were –

(a) Co-ordination with air and Railway services with a view to facilitate both air and train Journey and to make it comfortable in India.

(b) Provision of chain of first class hotels of international standard for the convenience comfort of foreign tourist.

(c) Starting of publicity bureau in London and New York and in the capitals of other countries from where substantial number of tourist may be forth coming.
The major areas like provision of Infrastructure, publicity both overseas as well as domestic, facilitation, coordination of agencies dealing with tourism at all levels were covered.

4.2.3 **Tourist traffic branch**

The subsequent years witnessed an expansion of Tourist traffic branch and it’s activities in various directions. With the increase in its activities the Tourist Traffic Division expanded considerably during the year 1955-56. The Head quarters establishment was increased from one branch to four branches, each having wide ranging duties.

The four sections looking after various subjects were, viz,

(i) Tourist Traffic Section.

(ii) Tourist Administration Section.

(iii) Tourist Publicity Section

(iv) Distribution Section.

(i) Tourist Traffic Section was to look after a large number of travel trade subjects matters. Five year plans, travel agencies, hotels and rest houses, facilitation, tourist static’s and monthly reports. It also dealt with international conferences on tourism and references relating to UN and its agencies, coordination with railways, establishment of tourist bureau in states and development of tourist centers and training of guides.

(ii) Tourist Administration section was to deal with administration work relating to tourist offices both in India and abroad, Budget, delegation of financial powers tourist offices, opening of new tourist offices in India and abroad and periodical inspection of Tourist Office.

(iii) Tourist Publicity Section was to deal with publication of the tourist literature such as pamphlets, guidebooks, and posters, issue of advertisements and participation in exhibitions and fairs.

(iv) Distribution section was to deal with the distribution of tourist publicity literature in India and abroad.
4.2.4 Tourist information offices in India

The opening of a chain of tourist offices both in India and abroad was another important step in this direction during this period.

Regional offices at important posts of entry were established. Tourist offices were opened in Delhi, Mumbai, Kolkatta and Chennai. This was followed by the establishment of a chain of information offices all over the country. By the year 1955, nine such offices were opened.

The functions of the tourist offices in India included supply of up-to-date information on places of tourist interests to tourist after they had arrived in India.

4.2.5 Tourist Information Offices in Overseas

With a view to attracting tourist to India, the Government of India opened tourist offices in New York in the United States of America was that an affluent country. It’s people had enough money and leisure to afford a holiday in India.

Nearer home, special staff was also provided in the offices of the High Commissioners for India in Shri Lanka and Australia for tourist promotion work in these countries.

4.2.6 Ministry of Tourism

A separate tourism department was created on March 1st 1958, in the Ministry of Transport. The main purpose of it was to deal with all matters concerning tourism.

By the presidential order dated 14 March, 1967 the Department of Aviation and Tourism which was under the Ministry of Transport and Civil Aviation was formed into a separate ministry designated as the Ministry of Tourism and Civil Aviation, with two constituent departments.

(i) Department of Tourism and

(ii) Department of Civil Aviation.

With the formation of the new Ministry of Tourism and Civil Aviation, tourism got the importance due to it and thereby achieved all round expansion in it’s activities.

The function of the Union Ministry of Tourism and Civil Aviation in terms of specific responsibilities they are-
(i) Organization of Meteorological services.

(ii) Provision of aerodromes, regulation and organization of air traffic, aerodromes, aircraft and air navigation.

(iii) Provision for the safety of aircraft.

(iv) Carriage of passengers and goods by air.

(v) Establishment of Railway Inspectorate.

(vi) Establishment of corporations under the Air corporation act 1953.

(vii) Development and Promotion of tourism.

(viii) Establishment of Youth Hostels.

(ix) Establishment of close contact with other ministries in respect of promotion of tourism.

(x) Coordination of various activities through various committees of parliament and other associations.

(xi) Negotiations with international and bilateral agencies.

(xii) Planning and organization of tourist activities throughout the country in collaboration with the State Governments and the Planning Commission.

(xiii) Inquiries and statistics for the purpose of any of the matters specified in this list.

(xiv) Implementation of strategies and agreements relating to any of the matters specified in this list.

### 4.2.7 Department of Tourism

The department is both a policymaking and an executive organization. The department corresponds directly with other ministries and department of the Central Government and the State Governments. The Director General is assisted by one additional Director General, one Joint Director, a Deputy Secretary and five Deputy Director Generals.

The functions of the Department of Tourism are both promotional and organizational which are conducted by the following seven divisions.

(i) Planning & Programming.
(ii) Publicity & Conferences.
(iii) Travel, Trade & Hospitality
(iv) Accomodation
(v) Supplementary Accommodation & wild life.
(vi) Market Research.
(vii) Administration.

4.2.8 Tourism since Independence

The developing countries have taken keen interest in promoting their tourism industries mainly for the purposes of earning foreign exchange and employment generation.

(1) Number of Tourists – (foreign tourist arrivals)

<table>
<thead>
<tr>
<th>Years</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>16829</td>
</tr>
<tr>
<td>1960</td>
<td>123095</td>
</tr>
<tr>
<td>1970</td>
<td>280821</td>
</tr>
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<td>1253694</td>
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<td>2003</td>
<td>2762214</td>
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<tr>
<td>2004</td>
<td>3011126</td>
</tr>
<tr>
<td>2005</td>
<td>3238200</td>
</tr>
</tbody>
</table>

The uninterrupted growth of tourist arrivals since 1951 as can be seen from the table is due to the result-oriented objectives which the Government set for itself.

4.2.9 Foreign Currency

India’s foreign exchange receipts from tourism are estimated on the basic of per capita average expenditure of tourist arriving from different countries as obtained from surveys conducted from time to time.
<table>
<thead>
<tr>
<th>Years</th>
<th>Foreign Exchange Earning in Rs. In Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>2850</td>
</tr>
<tr>
<td>1980</td>
<td>11663</td>
</tr>
<tr>
<td>1985</td>
<td>11891</td>
</tr>
<tr>
<td>1990</td>
<td>43180</td>
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<tr>
<td>1995</td>
<td>84300</td>
</tr>
<tr>
<td>2000</td>
<td>142380</td>
</tr>
<tr>
<td>2005</td>
<td>174290</td>
</tr>
</tbody>
</table>

(Source: Reserve Bank of India)

There has been uninterrupted growth in the foreign exchange receipts since the year 1980. India’s receipts have increased almost nine times. Tourism is now the countries first largest foreign exchange earner.

4.2.10 India Tourism Development Corporation (ITDC)

In 1963 an adhoc committee was appointed under the chairmanship of Jha. It is called by his name Jha committee. It was appointed to consider various ways and means for promoting tourism. It recommended that the public sector should assume a more active and positive role in promoting tourism. Accordingly the Government of India set up in 1965 in the Department of Tourism three separate corporations. They are –

(i) Hotel Corporation of India Ltd.
(ii) India Tourism Corporation Ltd. &
(iii) India Tourism Transport Undertaking Ltd.

The main function of these corporations was to construct and manage hotels in public sector, product materials for tourist publicity and to provide transport facilities to the tourist.

For efficient & economic working the above three under-takings were merged into one on October 1966 as “India Tourism Development Corporation Ltd.” (ITDC)
★ Objectives of ITDC

(i) Construction and Management of hotels, motels, restaurants, tourist banglows, guesthouses, and beach resorts at various places for accommodating tourists.

(ii) Provision of Transport facilities to tourists.

(iii) Provision of entertainment facilities to tourist by way of organizing cultural shows, music concerts, sound & light shows etc.

(iv) Provision of shopping facilities to tourists.

(v) Provision of publicity services to assist India’s promotion overseas as a tourist destination and projecting the national importance of tourism at home.

In this way ITDC has provided a wide range of services essential for promotion of tourism development.

Today the ITDC has established a marketing division at its headquarters in New Delhi to assist travel industry. So far as transit product is concerned its role is very vital and it can not be ignored.

4.3 Major Tourism Centres in India

India is known as beautiful country in the world. There is diversity in the natural beauty. There is also diversity in the language, culture, folk life etc. so this is always an attraction for the tourists. In all the seasons it remains evergreen. In the north, the high mountains, the snow covered peaks; the Valleys with greenery, the attractive sea shores, the green fields to the east and desert in the west make India the paradise for the tourists. The important tourist centres of Jammu, Kashmir, Delhi, Uttaranchal, Kerala, Goa & Maharashtra are as follows –

4.3.1 Jammu and Kashmir

Jammu and Kashmir is the paradise on the earth. It is fully natural beauty. It has covered with so many scenic beauty hill stations, Lakes, Cultural & religions destinations.

Shrinagar

Shrinagar is called as paradise. It is the capital of Jammu & Kashmir, situated on the banks of Zelam river. Dal and Nagin lakes are the main attractions of this city. The emperor Ashoka founded this city in 3rd centuary. Mughals ruled this city for a
long time. So the gardens in this city are called Mughal gardens. The house boat floating in the lakes, folk life and the handicrafts made this city attraction for the tourists. Mughal emperor Jahangir has constructed Shalimar garden 15 k.m. away from this city in memory of his wife Noorjahan. Nishant garden and chashmashahi garden are the famous gardens in this city. There are many mosques and monuments. Among them panther mosque, shahahmadan mosque, Jamie mosque are very famous. ‘Hazaratbal’ the holy place of Muslim is near to Nishant garden. The temple of Adhya Shankaracharya is also famous in the city.

Dal & Nagin lakes are the beauty of Jammu and Kashmir. This is a station on the air route. Jammutawai, a railway station is 305 kms away from this city. Gulmarg is also very beautiful tourist centre 6 k.m. away from Shrinagar city. The Phelgam, 96 km from Gulmarg, Situated in the Vidur river basin.

**Jammu**

Jammu is situated at the foot of Himalaya. It is a winter capital of Jammu & Kashmir. Full with greenery, rich flowering rivers and beautiful landscape attract the tourists. In this area there are holy places of Shiv and Shakti and famous ‘Vaishnodevi’ near the Jammu city. It has famous Raghunath temple and other temples also. At the centre of the city there is a Bahufort on the bank of the Tawi river. The ‘Amarmahal’ is very attractive. Jammu has airport and railway station also. This city is connected with the other parts of the country by roads and railways.

**Pahelgam**

It is very beautiful place in Kashmir. Pahelgam is 96 km away from shrinagar. It is situated on the Vidur river bank. Panchtarini, sheshnag, chandanwari are the tourist destinations. Near Pahelgam, Amarnath, Hindu’s holy place is way from 47 km.

**Gulmarg**

The world ‘Gul’ means flowers, and hence the name Gulmarg stands for “a meadow of flowers”. The tour to this land will transport everyone to a beautiful world of flowers Gulmarg is located in the Baramulla district of Jammu & Kashmir at an altitude of 2730 meters above sea level. The snow capped peaks add to the grandeur of the land. In winter, the sturning Gulmarg turns into a skiling resort.

**Leh**
Leh is a fascinating hill station, lying the snow capped hills of Himalayas with many monasteries and colourful markets. It is also the Buddhist Capital of North India. At a height of 11,000 feet, there are many strikingly beautiful and majestic mountains here, which slowly merged into an oasis of green field.

The sport and adventure lovers may indulge in hiking, trekking, river rafting, polo and archery. The quieter ones many try out meditation at the Mahabodhi Meditation Centre. The most populated place in Leh is the palace, which is a miniature version of the Potala in Lhasa.

**Vaishno Devi**

The shrine of Mata Vaishnodevi is one of the most visited pilgrim sites in India. It is situated at a height of 5,300 ft, the site is located inside a cave in a hill. The shrine of Mata Vaishnodevi is located in a cave, amidst the folds of the Trikuta Bhagwat hill at a height of 5,300 ft. in the state of Jammu & Kashmir.

**Amarnath**

Yatra to Baba Amarnath Holy cave for which one has to trek a height about 14,500 ft. is full of thrill and joy. The feeling of divine which is always beneath ones heart, brust out and realizes ‘Moksha’ as one attends the cave and perform the prayer before the Shivlinga, Surrounded by beautiful valley’s, mountains, a Journey which will rediscover the nature and its love which is always inside but one has never felt.

**Shankaracharya Temple**

The temple of Shankaracharya is another important place to visit in Shringer. Jaluka, the son of emperor Ashoka, built this temple in the 3rd century B.C.

**4.3.2 Delhi**

Delhi is a historical place in India. It was capital place of Pandav as at the time of Mahabharata. Then it was capital place of Mughals & British also. Now it is the capital place of India. It was deep cultural & historical heritage. It has international airport, connected with almost all the countries in the world. It is also connected by Rail & Road ways.

**Kutubminar**
There are so many historical places in this city. Kutubminar is one of the big monument. It’s height is 72.5 meter. It was builted in 12th Century. It is a best tourist sport in Delhi.

**Redfort**

Shahajahan was buited this fort in 1647. It was builted with Red stone & very delicious craft found in this big fort. Diwan-A-Aam, Diwan-A-Khaas are the attractions of tourist.

**India Gate**

India Gate is in New Delhi on Rajpath. It is monuments of Soldiers who died in World War. Every year Republic day is celebrated on Rajpath. It is covered with Gardens.

**Kanot place**

Kanot place is a planned market place in New Delhi. Planned Janapath and Palika markets are important places for the tourist. Hanuman Temple is recorded in Ginich Book. Five star hotels are there so the foreign tourist attracted towards the kanot place.

Pragati ground, stadium, zoo, the tomb of Humayun, are also same of the famous places in Delhi. Jama Masjid is one of the sacred places of Muslims. Vijay stambha are the examples of Mughal glary. The President Bhavan, Parliament House, Firozshah Kotala Stadium, Jantar-Mantar are also beautiful places. Mahatma Gandhi’s mausoleum, Rajghat, Pandit Nehru’s mausoleum-Shantighat, Lal Bahadur Shastries mausoleum-Vijay Ghat, Indira Gandhis mausoleum-Shantisthal are some of the important mausoleums in the city Delhi.

**4.3.3 Uttaranchal**

It is important state of North India in tourism. It has very sceneric beauty.

**Nainital**

This is 1938 meters high cool place or hill station in Kumau hills. It has one of the best lake in India. There are also other lakes like Bhimtal, Nakuchiyatal, Khurmtal, Garudtal, Sattal etc. There is the provision of ropeway to go to nearby snow view points of Himalayan peaks. There is a also an attractive tourist point named Hanuman Ghathi Point. It is a significant tourist place in India.
Masuri (Mussoorie)

It is situated on the 2000 meters above mean sea level and 31 km away from Dehradun city. Very beautic scenery is observed from this place. This is also very famous hill station in India. We can see attractive sites of snow covered peaks of the hills and Doon basin from this city. In 1927 British officer Captain Young founded this city. Due to the road, air and railway transport facilities, this place always remains crowded. In this city there is very attractive ‘Happy Valley” shaded with pines.

Ranikhet

It is located in Almora District of Uttaranchal. It is a hill station and famous for the natures beauty. Ranikhet is at 1892 meter from mean sea level. Dance forestry is the characteristic of Ranikhet.

Dehradun

The most prominent landmark of Dehradun is the Victorian clocktower in main commercial district, which incidently you can’t tell from just another dusty market place. From here, the trunk line of Rajpur road goes northwards right up to Rajpur, forking up towards Mussoorie after a point. About 4 kms up the Rajpur road is the sprawling campus of the survey of India, set up by the British in 1767. The centre of all major mapping and survey activities in India, it’s historical high point was measuring the height of Everest, which was then named after the surveyor General Sir George Everest. Across the dry river bed of the Bindal Rao on Kaulagarh road are the Doon School and the huge red brick campus of the forest Research institute. Cave Shrine of Tapkeshwar, dedicated to Lord Shiva. Robber’s cave are also attraction for the tourist.

Haridwar

Haridwar stands as the gateway to the four pilgrimages of Uttaranchal. Geographically and Geologically, Haridwar, lying at the feet of Shiva’s hills i.e., Shivaliks, in the Haridwar district of Uttaranchal, is a door way. The city abounds in temples of Hindus Gods and Goddesses. Haridwar has a lot of spiritual retreats of Ashrams carring on the lineage of providing the way to body Saul perfection via various yoga and Meditative techniques. The main Ghat at Haridwar is known as
Hari-Ki-Pairi. The Ganga Aarati which is celebrated at 7 pm each night is a spectacular sight, when the aarati ceremony is performed at all temples in Haridwar.

Haridwar kumbh has its importance as the last kumbh of this centuary. The kumbh mela is held in every 12 years to commorrate this spiritual day, millions of tourists gather here to take a dip in the holy water of holy rivers.

Rishikesh

Rishikesh is one of the holy cities of India. It is located in the laps of lower Himalaya, and is surrounded by Scenic beauty of the hills on three sides with Holy Ganga flowing through it. There are many temples, so ancient, some new along with the river Ganga. Rishikesh is important not only as pilgrimage centre, closely associated with the Ramayana, but also as home for many important centres of Hindu religious thought and spirituality, and great yoga centres. There are many great Ashrams and Yoga institutes. Rishikesh is also the gateway and the start off point for journeys to important religious places like Badrinath, Kedarnath, Gangotri, Yamunotri etc. Rishikesh is also acquiring greater significance as a centre for white water rafting, other riverine sports, a base for treks and hikes in the beautiful Garthwal Himalayas.

The bridge Lakshman Jhula has been a major attraction among the tourists to Rishikesh. It was built in 1929. RamJhula- Another suspended bridge close to Lakshman Jhula is the Ram Jhula. This suspended bridge was recently built between Shivanand Ashram and Swarg Ashram. Ram Jhula is also known as the Shivanand Jhula. Geeta Bhavan and Bharat Mandir is the main attractious for tourists.

Badrinath

It is one of the four sites in India’s char dham pilgrimage. It is Sacred as the seat of the God Vishnu in his aspect of Badrinarayan. The temple of Badrinath is a striking building whose bright colours evokes the painted Buddhist ghompast of the region. Some think the temple was originally Controlled by Buddhists.

Yamunotri

It is the source of the Yamuna river and the seat of the Godess Yamuna, is one of the four sites in India’s Char Dham pilgrimage.
**Gangotri**

The source of the Ganga (Ganges) river and seat of the goddess Ganga, is one of the four sites in India’s Char Dham pilgrimage.

**Kedarnath**

Where a form of the god Shiva is venerated as one of the 12 jotriling (linga of light), is one of the four sites in India’s Char Dham pilgrimage. Besides its affiliation with shiva, Kedarnath is also believed to be the site of Shankaracharya’s Samadhi.

**Jim Corbett National Park**

The first wildlife reservoir of India, extending over an area of more than 500 sq. kms in the Himalayan foot hills. Corbett National Park is known for it’s varied wildlife and as the site for the launching of Project Tigar. Corbett National Park was one of the nine tiger reservoirs created at the launch of the Project Tigar in 1973. The original are of this National Park was 323.75 sq. kms to which 197.07 sq. km was added later. In 1991, an area of 797.72 sq. kms was added as buffer area of the Corbett Tiger Reservoir. The main animals are found in this park include the Tigar, Elephant, Chital, Sambhar, Nilgai, Gharial, King Cobra, Muntjac, Wild Bear flying foxs, Indian Pangolin, and nearly 600 species of birds.

**4.3.4 Maharashtra**

Maharashtra is one of the best state in tourism. It has glorious historical, Cultural & Natural heritage. Many hill stations, forts, religious centres, cultural, centres, National Parks and Sancturies are attracted to the tourists.

**Mahabaleshwar**

It is situated at an altitude of 1438 meter in the Sahyadri range of Satara District. It is well known hill station of Maharashtra. It lies on the lake of Venna. Mahabaleshwar is also known as Queen of hill stations. This is the best holiday destination in Maharashtra as it has a magnificent climate and scenic beauty. Orther seat paint, Vilson Point, Elphistan Point, Venna Lake, Lingmala waterfall, Tapola are the best points for tourists. Pratapgad fort, which is the famous fort in history, is near this Mahabaleshwar hill station.
Panchgani

Panchgani derives its name from the five hills surrounding it. It is located at an altitude of 1314 meters above mean sea level and the breath taking view of the Krishna River and a pollution free environment attracts many tourists throughout the year to Panchgani. Table Land and dance forestry is the main attraction of the tourists.

Matheran

Matheran is hill station near the Mumbai. It is in Raigad district. Vehicles are banned in this hill station, making Matheran a place to breath fresh air. The two hour toy train ride to this 800 meter high hill station is an experience of unforgettable adventure.

Khandala

Khandala, Lonawala and Karla are situated on the slopes of the Sahyadri hills, 5 kms away from each other on the Mumbai-Pune Highway. Karla is about 12 km away from Lonawala. Nature is at its best in these beautiful hill stations with profound and long stretch of lush green valleys.

Amboli

Amboli is situated at an altitude of 690 meter above the sea level. Amboli is the last hill resort of the Sahyadri Mountain, before the Coastal plain begins. Amboli is in the Sindhudurg district of Maharashtra and has steep mountains and dense forest. It is pollution free so the tourist attracts towards this hill station.

Chikhaldara

The history of Chikhaldara goes back to the pages of Mahabharata. It is believed that Bheema Killed Keechaka here and throw him down in this valley. Being the only coffee growing area in Maharashtra, Chikhaldara is also famous for it’s Melghat Tigar Project too.

Ganpatipule

It is 20 km away from Ratnagiri. This is the best for it’s religious and natural beauty on the west sea shore of Maharashtra. It is famous for Lord Ganesha. The temple is located on the sea shore and it is very holy place of Konkan.
Ajanta

The Ajanta caves are a series of 29 Buddhist cave temple in Ananta, some of which date from the 2nd century BC. Encompassing both Theravada and Mahayana Buddhist tradition. The Ajanta caves preserve some of the best masterpieces of Buddhist art in India. Many visitors explore the Ajanta caves in conjunction with the nearby Ellora caves. The caves are numbered from east to west. Today, a terraced path connects the cave, but in ancient times each was independently accessed from the river front. Preserved inside the caves are many masterpieces of Buddhist art. Some reflect the earlier Theravada tradition of depicting the Buddha only in Symbolic form such as a throne or footprints. Others, the Mahayana Caves, feature colourful murals and statues depicting the life (and former lives) of the Buddha and various Bodhi Sattvas. The caves also depict scenes from everyday life & many include inscriptions indicating a prince or Nobel who gifted the cave to the monk.

Ellora

The Ellora caves are an impressive Complex of Buddhist, Hindu and Jain cave temples built between the 6th and 10th centuries AD near the ancient Indian Village of Ellora. The caves have a slightly less dramatic setting than those at Ajanta, but more exquisite sculptures. Ellora is a world Heritage site and the most visited ancient monument in Maharashtra state. There are 34 caves in all, 12 Buddhist caves (500-750 AD), 17 Hindu Caves (600-870 AD) and 5 Jain caves (800-1000 AD). The caves are numbered roughly chronologically, starting with the oldest Buddhist caves at the South end. It is in Aurangabad District.

Mumbai

There are many tourist attractions in Mumbai like beautiful beaches, historical monuments, and also spiritual attractions. This metropolitan city of India, which is also, the capital of Maharashtra, represents the ever-changing face of today’s Indian city where culture and tradition perfectly synchronize. There are many popular tourist attractions in Mumbai such as the Gateway of India, Prince of Wales Museum Mahalaxmi temple, Haji Ali, Juhu beach, Kamala Nehru Park, Essel World, and Bollywood-the film city and also Warali sea link.
Pune

It is well known as the ‘Queen of Deccan’ due to its scenic beauty and rich natural resources. Besides, it is famous for its religious and historical places. Pune city is known on the world map because of its educational, research and development of institutions. The district also has an importance as an important military base and research. Pune is also the most industrialized district in Western Maharashtra and a famous IT hub in the Country. Shaniwar Wada, Saras Bag, Snake Park, Dagadushet Ganapati, film institute, Pune University, Chatushrangi Temples are the tourist attractions.

Kolhapur, Nagpur, Pandharpur, Dehu, Alandi, Jejuri, Shirdi, Ambejogai, Shegaon, Tulajapur, Jotiba, Mahur, Bahubali and Somany religious and historical places in Maharashtra are the tourist destinations. Thousand of tourist visited this centre and get enjoy.

4.3.5 Goa

Goa is the popular tourist centre in India. Beaches are the main attraction in Goa. Thousands of the Sun-deprived tourists visited India because of the most diverse varieties of beaches any where in the world. Placid backwaters and lagoons, bays and rough lavarocked seas, marine estuaries with fish, crashing Surf, Powdery golden sand or palm fringed showers attracts tourists towards the beaches. The coast of Goa have their own seafood cuisine, relaxing spas, diving and water sports and great places to stay for a balmy holiday.

With nearly 105 kms of naturally enriched coastline, unspoiled and ideal for a beach holiday. The sands soaked with golden sunshine are ideal for travelers seeking a healthy tan in the most natural surrounding.

Punjim – It is very beautiful and attractive city and capital of Goa. Beaches, estuaries, attractive homes, houseboats are the attractions for tourists.

Culangut Beach – It is known as the “Queen of Beaches” and lies nearly 7 km along the sea.

Colva Beach –

Wagator Beach –

Baga Beach –
Biana Beach –
Mandream Beach –
Sididao Beach –
Miramar Beach –
Donapawlo Beach –
Agwad fort –
Mandavi & Zuari Rivers –
Mangeshi Temple –
Shantadurga Temple –
Ramlath Temple –
Sent Cathadrul Church –

There all are the attractions for the tourist. So the Goa is famous for its rich nature and beautiful of the variety in beaches in the world.

4.3.6 Kerala

Kerala is famous for its rich greenery in South India. Kerala beaches may take a back seat because of the backwaters, but the entire 900 km length of the Kerala coast is lined with sandy beaches, rocky promontories and coconut palms that definitely merit visiting in every tourist itinerary. Touring the beach site of Kovalam can make any beach holiday a delightful one, as Kerala’s beaches are renowned for the gentle surf and blue waters. Beach travel has never before been so exciting.

**Kovalam Beach** – Small village along the shoreline, fabulous beach, most popular is the Light house beach.

**Marari Beach** – One of the local fishing villagers, completely new to the holidaymaker, endless miles of the superb sand beaches backed by swaying palms, virgin territory, local charm, and traditional Kerala.

**Kumarakom Beach** – Cluster of little islands on the vembanad lake, part of the Kuttanad region. The bird sanctuary spread across 14 acres is a favourite haunt of migratory birds and an ornithologist’s paradise.
Alappuzha Beach – A popular hangout and relaxation spot, around 140 years old pier that extends in to the sea, lagoons, vast lakes and numerous fresh water. Alappuzha is a natural wonderful.

Munnar - It is a hill station of Kerala located on the height of 1600 m. above sealevel. It is surrounded by lakes, dense forest, Tea gardens.

Idukki – It is a reserved forest with total area of 5061 sq. km. It is also densely forested and Pollution free.

Kottayam – It is big commercial centre of Kerala, 76 km away from cochin. It is also cultural and historical centre.

Pattamthitta – It is District place of Kerala & famous for Sabrimala Temple.

Trichur – It is also district place & historical, cultural and Religious centre of Kerala. Raja Ramvermas was situated this capital in 1790. This is cultural capital of Kerala.

Tiruanantpuram – It is capital place of Kerala & also historical place famous for kings houses.

Periyar National Park – It is very beautiful National park in India, spread on the Catchment areas of periyar river dam surrounding.

Silent Valley – It is also tourist spot in Kerala.

4.4 Summary

India is a large Country having a great tradition. It has large cities, monuments, temples, mosques and churches. It is full of great places, beautiful sculptures and a host of other artistic creation. All these realized that India has a vast potential for the development of tourism.

The modern tourism differs from ancient tourism in matters of basic motivation because it is basically pleasure oriented. The phenomena of a holiday leisure and relaxation in connected with the concept of travel has developed slowly after western contact. Ancient tourism was religious oriented for the majority of the population of all social classes. The most important type of journey is a pilgrimage as well as to help the growth of commerce and industry. These differences are responsible for a new set up of values attached to the basic needs of tourism. Uttaranchal, Delhi, Goa, Maharashtra, Kerala states of India are the important states in tourism now a day.
4.5 Check Your Progress

1. ‘Discovery of India’ is Written by -
   a) Indira Gandhi   b) Pandit Nehru
   c) Rajiv Gandhi   d) Sonia Gandhi

2. Which committee was established in 1945 for the development of tourism in India?
   a) Hanziker Committee   b) Sargent Committee
   c) Hermann Committee   d) None of these.

3. In which year ITDC formed?
   a) 1946   b) 1956   c) 1966   d) 1976

4. In which year separate tourism department was established.
   a) 1958   b) 1968   c) 1978   d) 1988

5. On which river bank Shrinagar is located?
   a) Sindu   b) Ganga   c) Yamuna   d) Zelam

6. Which emperor founded Shrinagar in 3rd Century?
   a) Chitragupta   b) Ashoka   c) Buddha   d) Non of these

7. Which lake is a beauty of Jammu & Kashmir?
   a) Chilka   b) Sambhar   c) Dal   d) Wooler

8. Which city is called as the Paradise?
   a) Jammu   b) Srinagar   c) Simla   d) Masuri

9. In which state Nainital is Situated?
   a) Jammu/Kashmir   b) Uttarakhand   c) Uttar Pradesh   d) Assam

10. Which city stands for gateway of four pilgrimage of Uttarakhand?
    a) Simla   b) Haridwar   c) Masuri   d) Dehradun

11. Which of the following is the source of Yamuna river?
    a) Gangotri   b) Manas   c) Kargil   d) Yamunotri
12. In which state Gim Carbet National Park is Situated?
   a) Jammu/Kashmir  b) Uttar Pradesh  c) Bihar  d) Uttaranchal
13. For which animal is Gim Carbet National Park famous for?
   a) Rhino  b) Tiger  c) Lion  d) Elephant
14. Which is also known as ‘Lake District’ of India?
   a) Raigad  b) Amritsar  c) Nainital  d) Bengalore
15. Which is the last Souther hill resort of the Sahydri mountain of Maharashtra?
   a) Matheran  b) Mahabaleshwar  c) Chikhaldara  d) Amboli
16. How many caves are included in Ellora?
   a) 24  b) 34  c) 44  d) 54
17. Which is well known as the ‘Queen of Deccan’?
   a) Mumbai  b) Kolhapur  c) Sindhudurga  d) Pune
18. Jejuri is famous of Lord?
   a) Jotiba  b) Biroba  c) Khandoba  d) Vetalba
19. Which beach from Goa is called as ‘Queen of Beaches’?
   a) Culangute  b) Baga  c) Colva  d) Miramar
20. In which state Biana beach is located?
   a) Kerala  b) Maharashtra  c) Goa  d) Karnataka
21. In which state Kovalam beach is located?
   a) Kerala  b) Maharashtra  c) Goa  d) Karnataka
22. In which state Munnar hill station is located?
   a) Kerala  b) Hariyana  c) Uttaranchal  d) Punjab
23. In which state Periyar National Park is located?
   a) Karnataka  b) Kerala  c) Madhyapradesh  d) Uttar Pradesh
24. In which state Silent Valley is located?
   a) Karnataka    b) Andra Pradesh    c) Kerala    d) Goa

4.6 Field Work

- Visit Uttarakhand, Goa, Delhi, Maharashtra, Kerala etc. wherever get chance to you and observe the different tourist attractions.
- Visit always nearby tourist destinations & write down the important tourist centres that you visited.
- Visit the nearby tourist centres and acquire the information about the facts contributing in the development of the tourist centre.
- Collect the Newspaper cutting of tourist centres of India.

4.7 Answers to check your progress

1. b – Pandit Nehru
2. b – Sargent Committee
3. c – 1966
4. a – 1958
5. d – Zelam
6. b – Ashoka
7. c – Dal
8. b – Srinagar
9. b – Uttarakhand
10. b – Haridwar
11. d – Yamunotri
12. d – Uttarakhand
13. b – Tigar
14. c – Nainital
15. d – Amboli
16. b – 34
17. d – Pune
18. c – Khandoba
19. a – Culangute
20. c – Goa
21. a – Kerala
22. a – Kerala
23. b – Kerala
24. c – Kerala

4.8 Exercise – Questions for self study

A) Long Answer type Questions

1. State definition and Significance of Tourism?
2. Explain Tourism in modern period in India?
3. Describe the tourism Centres in Jammu & Kashmir?
4. Describe the tourism centres in Delhi?
5. Discuss the tourism centres in Uttarakhand?
6. Explain the tourist centres in Maharashtra?
7. Discuss the tourism centres in Kerala?
8. Describe the tourism centres in Goa?

B) Short notes

1. Significance of tourism
2. Indian Tourism Development corporation (ITDC)
3. Importance of Nainital.
4. Ajantha and Ellora Caves
5. Beaches in Goa.

4.9 References

3. Durshikshan (2008), Geography of Tourism : Shivaji University, Kolhapur.