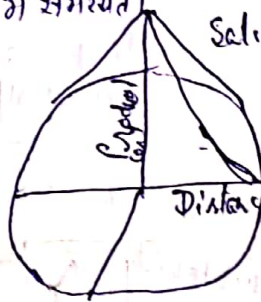
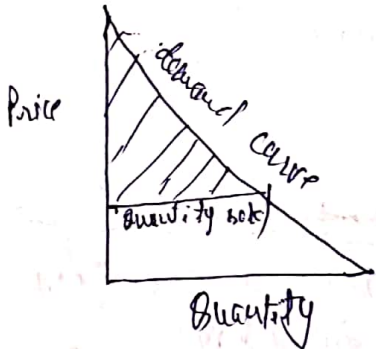


Industrial Location Theory of August Losch Born in 1906 died in 1945 (A.K. No. 39)

Losch thesis ^{जर्मनी में आर्थिक विचार} "Economics of Location" first published in 1939 - Germany - Some English translation - 1954 - Die Raumbliche Ordnung der Wirtschaft ^{आर्थिक व्यवस्था का स्थानिक ढांचा}
 Profit maximization theory where demand is considered as the most important variable. - Find out most profitable location for industrial establishment

Assumptions (1) Isotropic plain समदैशिक सतह

- (2) Proportional and uniform transport cost समानुपातिक परिवहन खर्च
- (3) Homogeneity in taste, knowledge and technical skill स्वाद, ज्ञान व तकनीकी क्षमता की समानता
- (4) No economic discrimination among the people लोगों में कोई आर्थिक भेदभाव नहीं
- (5) Uniform density of population and self-sufficient in agricultural production समान जनघनत्व व कृषि उत्पादन में आत्मनिर्भरता
- (6) Equally served समान सेवा प्राप्त
- (7) Uniformity in range and quantum of profit - demand for a product decreases with increase in the price ^{पैसा बढ़ने पर और मात्रा में समरूपता} - demand for a product decreases with increase in the price



Firms operate with circular market area



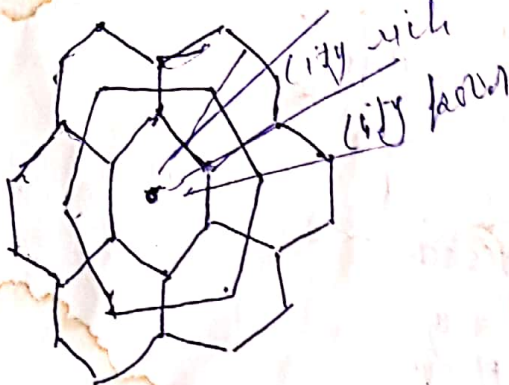
Competition increases to serve all potential market



To avoid overlap of circles and to serve all areas, market areas become hexagonal



Final pattern of market area



city rich, city poor

Assumptions

(1) Hexagonal service area - Spatial demand curve

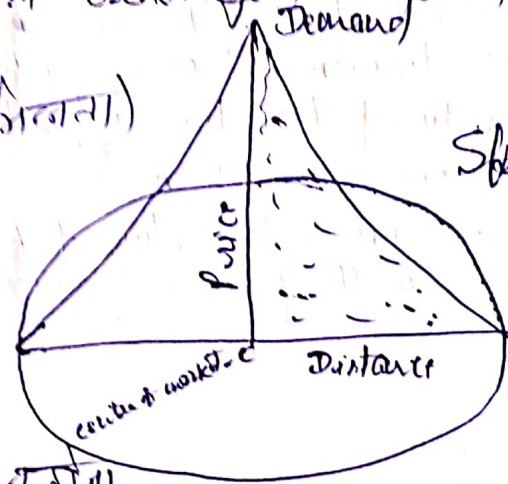
(2) Variable K value - K = 3, 4, 7, 9, 12, 13, 16, 19, 21

(3) Specialized principle - First order good Demand Good no. 1, 2, 3
150 good

(4) Sectoral disparity (उत्पादन विविधता)
Hexagonal shape of market

Spatial demand

Market area boundary



Criticism

- (1) No isotropic plain (समस्तदिशा समता का अभाव)
 - (2) No cultural homogeneity and uniform taste (सांस्कृतिक समानता एवं समान स्वाद का अभाव)
 - (3) Ignoring variation of technological dev (तकनीकी विकास को उपेक्षा करना)
 - (4) " political decision (राजनीतिक निर्णय को उपेक्षा करना)
 - (5) Overemphasizing the demand (मांग पर अत्यधिक जोर देना)
 - (6) More practical for agriculture rather than industry
 - (7) Uneven distribution of population in agricultural land
- Philosophical contribution on the motive of entrepreneurs' role, role of competition

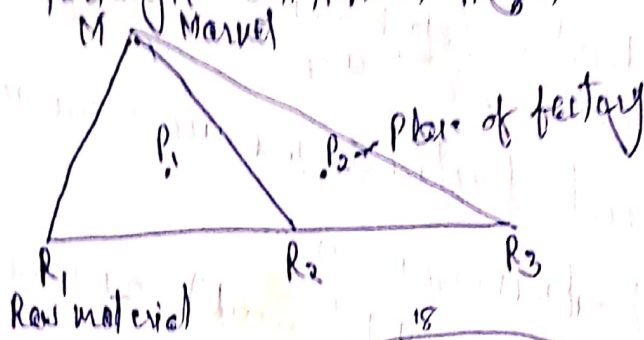
(e.g.) based location लागत आधारित अवस्थिति

- Total receipt based location कुल प्राप्त आधारित अवस्थिति
- Profit based location लाभ आधारित अवस्थिति

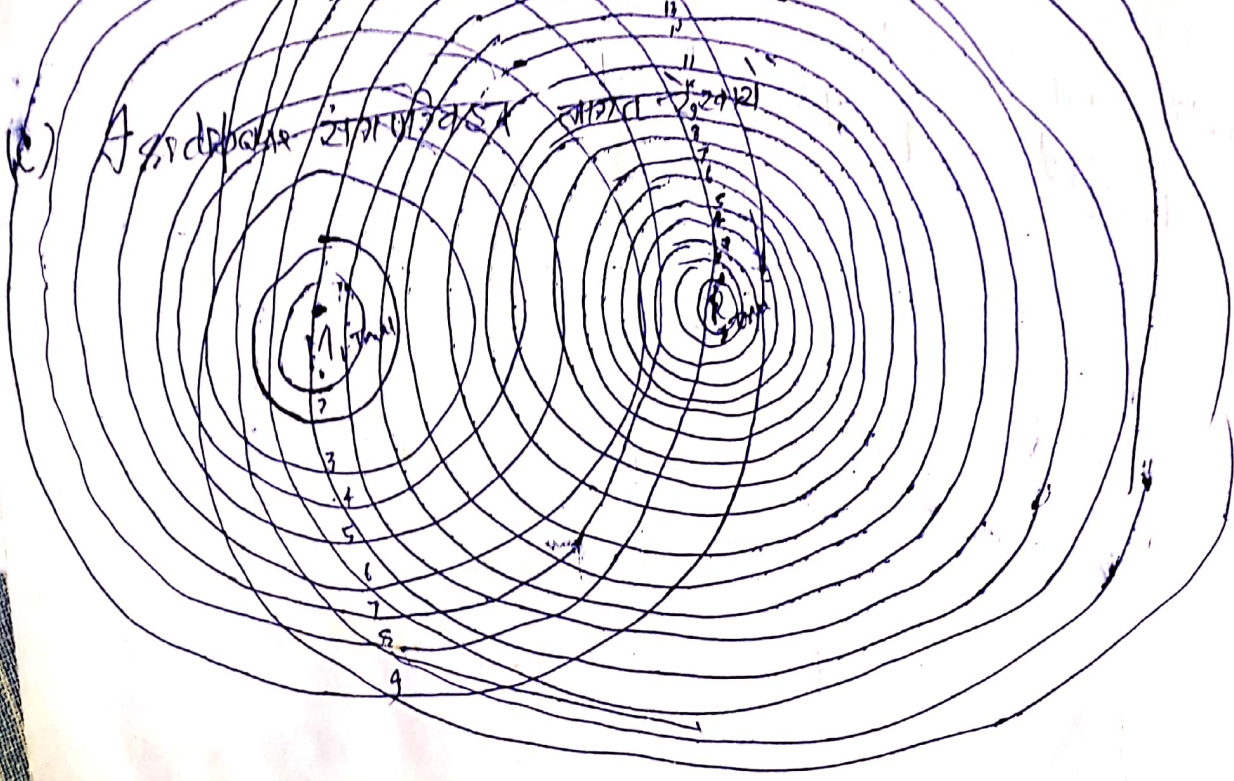
Cost based location

परिचरन लागत आधारित अवस्थिति Transport cost based location

Locational triangle स्थानीकरण त्रिभुज



(d) Mechanical Model स्थानिक मॉडल
 सभी कारकों के गुणधर्म सतत रूप से स्थापित होने के परिणामस्वरूप परिवर्तन लागत न्यूनतम होगी।



$8 + 4 = 12$
 Location Saving = 4 unit

1. Weight Ratio और लगुणात
 2. Relative situation of different point विभिन्न बिंदुओं की सापेक्षिक स्थिति
 3. Direction of transportation रास्ता यातायात की दिशा
 4. Intersection of transportation routes परिवहन मार्गों के मिलने के बिंदु
2. Production cost based location - (lowest उत्पादन लागत आधारित अवस्थिति)
3. Total cost based location (कुल लागत आधारित अवस्थिति)
Rent of land, wage of labour, interest on capital, transportation, advertisement
- B Total receipt based location कुल प्राप्त अवस्थिति
- i. Comfortable market सुविधाजनक बाजार
 - ii. Particular land of maximum total receipt अधिकतम कुल प्राप्त के विशेष स्थल - उपरोक्त कुल स्थान
- C Profit based location लाभ आधारित अवस्थिति
- Profit = Receipt - Cost