

Trade Development through central places: A Conceptual Introduction

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Abstract

The central place concept lies with the market trade which is a global phenomenon, related to economic activities. At the initial stage trading was sporadic event. Since human needs are innumerable and are satisfied with limited economic resources that a person possesses, the central places are one of the destinations that a person visits to satisfy his needs. The human needs necessitated during early days when the fixed place was used periodically for exchange which later converted into a centre of permanent exchange of goods and services, particularly the agricultural produce.

Introduction

Trade has been the most important channel which promote integration between a centre and its surrounding areas. Those settlements that perform trading activities, whether rural or urban, for their surrounding areas are known as central places. The need for provision of adequate facilities for marketing agricultural produce has been a major motivating force for central place development. Such centres provide goods and services for the farmers with a lot of facilities, such as storage, were housing, credit and other services, besides marketing activities. Thereby, central places integrate themselves with the surrounding areas in a marketing system and promote developmental processes for their hinterland through various innovative diffusions.

The study of central place is closely related with Walter Christaller,¹ a German geographer, who expeditiously popularized central place studies worldwide. The study of central places by Christaller was published as, 'Central Places in Southern Germany' in German language in 1933, which later in 1966 was published in English for the English speaking world. Central places are market centres concerned either with the collection of goods from surrounding countryside or with the distribution of goods and services to the people living in the surrounding areas. The Central place and its surrounding hinterland form a mutually interacting and interdependent system and central place theory indicates some of the spatial regularities present in

the provision of goods and services . It also seeks to explain the principles that determine the nature and characteristics of such system. Christaller is credited to develop a comprehensive theory to explain the economic relationship between central places and their hinterland.

Central place theory is concerned with size, nature and distribution of central places. A central place is settlement viewed as a direct supplier of goods and services to its surrounding hinterland population, but Christaller did not consider all settlement as central place. He excluded some of settlements, such as mining settlements, monasteries, resort places, and religious places and so on. The fundamental principle of the central place theory is the 'centralistic principle.'² While settlements vary in size, number and functions, the 'centralistic principle' is to be sought in the location of economic, social and administrative structure. Principle has intra-settlement and inter-settlement Thus, the centralistic dimensions at regional level. Thereby, regional importance versus local importance and ubiquitous versus non ubiquitous distribution of services determine the importance of centrality of a settlement. The availability of a surplus good for the complementary area of the central place and the attractiveness of a place for goods and services are the other common measures of centrality. Both surplus and attractiveness are not static and hence centrality itself is itself is not static.

The central place theory relates basically to the spatial distribution and optimum location of tertiary sector activities, i.e. trade and commerce leading to a competitive equilibrium over space.³ In this regard, two major concepts of central place theory are: (i) The threshold, and (ii) The range of good or service. Threshold the minimum required sales for a firm to survive, is the fundamental concept of central place theory as it determines the frequency of occurrence of business types in the landscape and their spacing.⁴ The range of goods is an important concept regarding the distribution of central places and the size and shape of complementary regions. The range of good determines the distance the consumer travels to buy a good offered by a central place. It has an upper and lower limit. The upper limit of the range of good is the maximum economic distance in terms of time and cost that consumer affords to obtain a good or service, and the lower limit is determined by the minimum demand necessary to ensure a commodity or service is offered, i.e. the threshold.⁵ The range of a good varies from place to place and is not the same in all directions. It depends on factors like price of a good, size of population of the central place, density of population in the region, income level and social conditions of complementary region, people and distance to other central places.

Conclusion

Central place study gained momentum after the work of Christaller, who conceptualized central places with certain theoretical principles. The central place thereafter became a popular area of study in the field of market trade worldwide. Thereby, literatures on central place sprawled from geography, economic, social science, marketing phenomenon and behaviour, etc. Keeping them in view, the present study intends to investigate central places of an agrarian region of Bihar, the district of Siwan.

References

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