

**Directions of Transformation of Indian Economic Space since
Economic Liberalisation of 1990s:
Focusing on Locational Behaviours of Large Enterprises**

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Considering that agricultural sector and small businesses still play an important role in India's economic development, it is necessary to examine their locations and their locational factors to understand the configuration of the Indian economic space.

The locational behaviours of large enterprises, including foreign companies, are thought to have become a driving force behind the transformation of the Indian economic space following the economic liberalisation since 1991. Based on this recognition, the author examined the location of headquarters and branch offices of large enterprises and the spatial pattern of foreign direct investment in India. The findings were as follows:

1) The concentration of headquarters of large enterprises in major cities, especially Mumbai and Delhi, was confirmed. However, compared to the case of Japan, the concentration rate of headquarters in the top city (Mumbai) was remarkably smaller. On the other hand, some agglomeration of headquarters was noted in provincial big cities. It could be said that the spatial distribution of headquarters of large enterprises in India is well dispersed.

2) Foreign direct investment (FDI) is also concentrated into a small number of largest cities. Therefore, FDI could be said to be a factor to promote metropolitanisation. Moreover, Delhi was superior to Mumbai in terms of number of FDI contracts until 2003. This indicates that the economic status of Delhi has been elevated in the Indian urban system.

3) Many large companies have formed their own nation-wide selling networks by establishing branch offices. The similarity among the spatial pattern of their networks was noted. The territory of each state was used as a fundamentally spatial unit. Large enterprises tended to divide the country into four regions: north, west, east, and south. The regional office was located in each regional primate city: Delhi in the north, Mumbai in the west, Kolkata in the east, and Chennai in the south. Under the administration of regional offices, the area branch office was generally

established in each state as long as it met the demand requirements. Prominent cities in centrality such as the state's capitals were generally chosen for office locations. Moreover, sub-branch offices were sometimes located in the second and /or third tier cities in the state. These offices managed their selling agents in their own territory, which was set up by dividing the state into two or three areas using district territory as a spatial unit. Thus, the nation-wide selling networks of large enterprises were organised as a hierarchical system. Therefore, for the Indian urban system, the hierarchical differentiation of cities is projected to strengthen. However, in regions where the competition is severe for securing a higher status in the Indian urban system, the hierarchical differentiation of cities, such as the relationship among Chennai, Bangalore and Hyderabad in south India, is becoming unclear.