

INDUSTRIAL AGGLOMERATION AND LOCATION CHOICE IN SERVICE SECTOR: CASE OF INDIA

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About

Agglomeration and Location preferences



Area: National and sub national level

What's Special : Most of the study focuses on the location choice and determinant on foreign MNEs investment. Most of them is based on China SEZs

Purpose: Examine the agglomeration and location choice by the national company

Sector: Retail and service sector

Region: All India

Paper structure

First we describe the selection process for variables

Next, we categorized the variables for a methodological approach

After using the literature for support of an established hypotheses for location choice and agglomeration effect in India .

Finally we will describe the research implication

Methodology

Binary
logistic
Regression

World bank WES survey data during the year 2014

Likert Scales

Dependent variable is the dichotomus

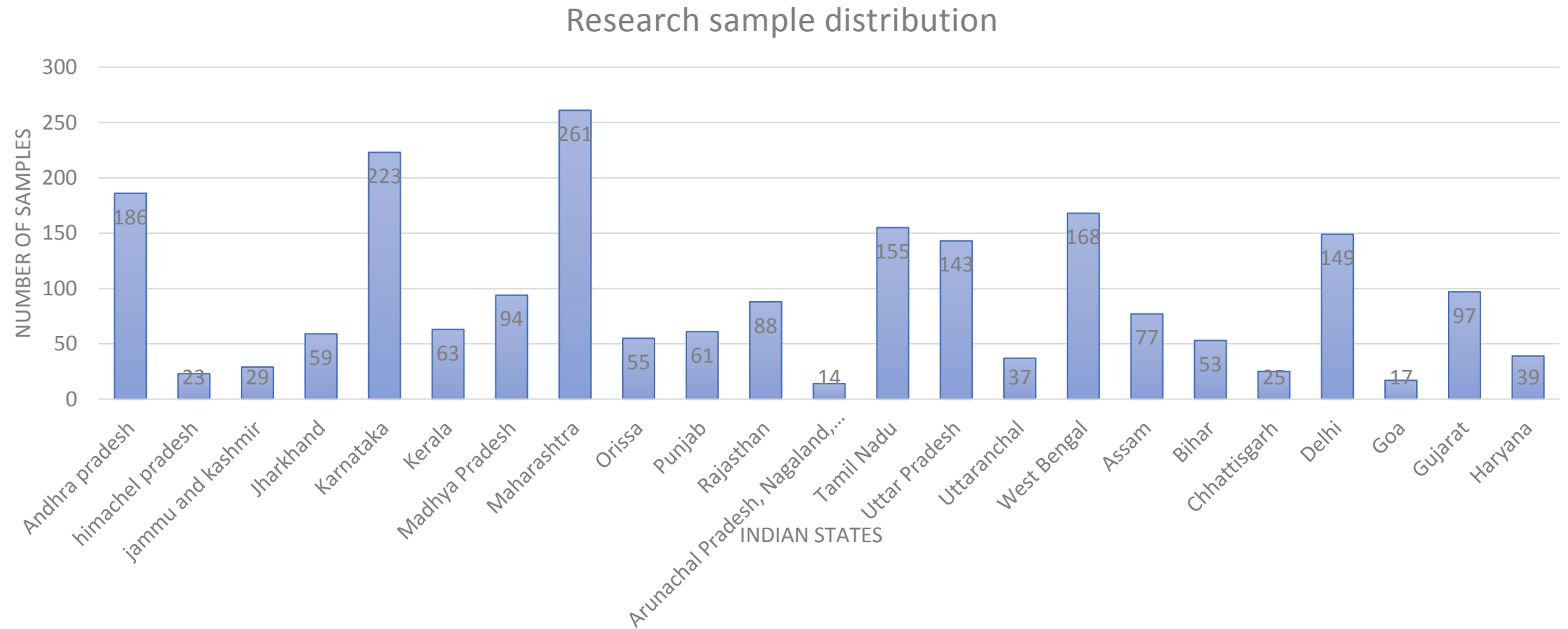
Binary logistic regression

Data contain 2116 enterprises samples







Sample distributed across 27 states in India







Sample Distribution






Hypothesis and Results

	Hypothesis (In short)	Influence	Test Significance
 <p>Infrastructure</p> <ul style="list-style-type: none"> • Electricity • Telecommunication • Transport • Storage and ware houses 	Minor the Infrastructure Probability to select location and agglomeration effect high		Yes
 <p>Trading Barriers</p> <ul style="list-style-type: none"> • Customs • Trade Regulations 	Minor obstacles in trade probability to select location and agglomeration effect increase		No
 <p>Competitors</p> <ul style="list-style-type: none"> • Practices of competitors in the informal sector 	Minor the competition in informal sector. Probability to select location and increase agglomeration effect		No

Cont..

	Hypothesis (In short)	Influence	Significance
 <p>Sales and Supply</p> <ul style="list-style-type: none"> • Access to inputs and supplies • Logistic Price 	Minor obstacles in sales and supply more likely to choose for location and higher the agglomeration effect	+	No
 <p>Land permits</p> <ul style="list-style-type: none"> • Access to land 	Minor obstacles in land and permit acquisition more likely to choose for location and higher the agglomeration effect.	+	No
 <p>Crime</p> <ul style="list-style-type: none"> • Theft and disorder • Corruption • Court 	Lesser the corruption more likely to choose for location and higher the agglomeration effect.	+	Yes
 <p>Finance</p> <ul style="list-style-type: none"> • Availability of financial services • Currency exchange rate 	Minor obstacles in finance more likely to choose for location and higher the agglomeration effect	+	No

Cont....

	Hypothesis (In short)	Influence	Significance
 <p>Institutional barriers</p> <ul style="list-style-type: none"> • Tax rates • Bureaucratic administration to facilitate Tax 	Minor obstacles in intuitional administration more likely to choose for location and higher the agglomeration effect	+	No
 <p>Political constrain</p> <ul style="list-style-type: none"> • Business licensing and permits • Political Instability 	Minor obstacles in political constrain more likely to choose for location and higher the agglomeration effect	+	No
 <p>Work force</p> <ul style="list-style-type: none"> • Labor regulation • Inadequacy of educated workforce • ISO certification 	Minor obstacles in Labour availability and workforce more likely to choose for location and higher the agglomeration effect	+	Yes



Hypothesis testing

Models	B	S. E	Wald	df	sig.	Exp(B)	Variables group
Model 1	-4.224	1.890	4.994	1	0.025	0.015	Infrastructure
Model 2	-0.459	0.997	0.211	1	0.646	0.632	Trade regulation
Model 3	1.881	1.230	2.338	1	0.126	6.562	competition
Model 4	17.955	17929.888	0.000	1	.999	62762099.806	sales and supply
Model 5	16.071	4521.209	0.000	1	0.997	9542470.039	Access land permit
Model 6	20.220	57579.252	26.154	6	0.000	604394383.570	Crime
Model 7	15.779	40196.503	0.000	1	1.000	7120663.945	Access to Finance
Model 8	11.578	95621.485	0.000	1	1.000	106672.611	Institutional Barriers
Model 9	15.172	90658.941	0.000	1	1.000	3883705.973	Political constrain
Model 10	18.223	14720.381	13.771	5	.017	82079976.932	Labour and work force law