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***Economic Geography of Contagion:
A study of Covid 19 Outbreak in India***

Dr. Anirban Mukherjee
University of Calcutta

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All are Welcome

Economic geography of contagion: A study on Covid 19 outbreak in India

*Tanika Chakraborty, IIM Calcutta
Anirban Mukherjee, University of Calcutta*

ABSTRACT

Covid 19 pandemic which is creating a havoc across the world for almost a year is usually discussed in the social science literature using either of the two approaches – examining the factors that affects its spread or estimating the socio-economic impact of the disease. We take the first route but rather than focusing on demographic and atmospheric factors -- which is the most popular approach in this strand of literature – we study the effect of economic geography of a region on the contagion. We take our cue from a well-established economic geography theory that the process of development creates a core-periphery pattern where most of the economic activities take place in the core. We argue that in presence of such a structure, when an outbreak takes place, it becomes difficult to isolate peripheries from the core. On the other hand, in an area consisting of a few similarly developed sub-regions, one region is less dependent on another and can function autonomously. Hence, in the event of an outbreak in one of these sub-regions, the infected region can be easily disconnected from the rest of the regions. We test our hypothesis using Indian data. Following our argument above, we expect the contagion will be less in states with similarly developed districts and high in states characterized by core-periphery structure. We use the nightlight data to measure the degree of intra-state regional inequality and estimate its impact on Covid-19 infection rate. We find that the disease spreads more in an unequal state. We then examine the direction of spread within a state and find that in a more unequal state, the disease spread from rich to poor districts. In addition to using regional inequality in nightlights, we also examine our hypothesis using industrial heterogeneity and find that the disease spreads more in industrially homogeneous districts.