

## CHAPTER 3

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### IMPACT ON THE SELECTED TRANSPORT AGENCIES

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## C H A P T E R 3

### IMPACT ON THE SELECTED TRANSPORT AGENCIES

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#### 3.0 INTRODUCTION

Road transportation is an important means of development for the economic, social, and infrastructural development in a developing country like India. In the modern world, sound transportation is undoubtedly a media of socio-economic and economic changes. The impact of this media on the traders and the society is mentioned below. Recently, it is also observed that both national and international factors have significantly influenced the transport business in India.

#### 3.1 GULF CRISIS

The Gulf war had significant impact on the developing country like India. Transportation is regarded as the vein of any country. It is required in all the fields like, industrialisation, marketing, social, economical, and cultural development. All these depend upon the efficient and quick road transportation. The Gulf war had influenced Indian economy by increasing fuel prices, increase in freight rates, production rate and recession in market. The general level of inflation has stiffly increased during last two years. The Indian Govt. also was forced to take stern policy decision to find the ways and means out of Gulf crisis.

**3.1.1 Increase in Fuel Prices** : The Gulf War which broke in November - December 1990, had a major bearing on the international development. This is because of scarcity of petrol and diesel. On the Indian front, the prices of petroleum increased more than double. Despite the steep rise of petroleum products, their supply was limited and at times, erratic. The transport sector namely, air, road, water was totally paralysed. The timely delivery of goods was rather a dream. This situation was however, exploited by the transporters and traders, who took this opportunity to exploit the poor consumer by charging exorbitant prices. This substantially, increased inflation in the country and many indian industries faced recession. This, in turn affected the transport sector and the transport business declined severely.

**3.1.2 Increased in Freight Rate** : The overnight doubling of petrol and diesel prices by Indian Govt. compelled the transport agencies all over India to raise their freight rates almost twice the then prevailing rates. In spite of increase in the freight rates, the non-availability of petroleum products compelled the transporters not to deliver the goods in time.

**3.1.3 Impact on Production and Market** : Fuel oil is such a commodity which is used directly or indirectly in numerous activities. Mainly, fuel oil is required for production activities right from the boiler to raw materials. On the other hand, the

entire marketing activities depend on the transportation. Thus, not only the raw material was available but the finished goods were also scarcely available. The chaotic conditions of demand and supply further lead to black-marketing and increased prices of common commodities through out the length and breadth of the country. Thus, the national development was totally paralysed.

### **3.2 GOVT. INSTABILITY**

India experienced three changes in Government in last four years. The frequent changes in the Govt. under the leadership of political leaders with altogether different ideologies greatly affected Indian economy. The image of India was lowered in the International scenario. The Eighth Five Year Plan was formulated and reformulated many times. Hence, it was postponed from its normal schedule. Thus, the political instability added further fuel to the chaotic conditions of national economy and development.

### **3.3 NEW INDUSTRIAL POLICY**

The present Govt., though in minority, came to power to resolve the situation and lead the nation to the prosperity. The Govt. took some bold initiative almost on all fronts. The major one being the formulation and implementation of New Industrial Policy. The Govt. encouraged industrial growth by delicensing, changes in licensing policy, encouraging Export Oriented Units,

devaluation of Indian currency, encouraging foreign collaboration and technology upgradation. All these efforts have started showing results in terms of increased production, industrial growth rate, reducing level of inflation, better foreign exchange reserves, etc. Thus, the Indian transport business now has better prospects.

### 3.4 SOCIAL CHANGES

The continuous changes in the man in terms of socio-economic and cultural aspects have made significant effect on the common man. This has influenced his style of life, standard of living, educational, cultural changes. The role of technology and communication changed the life of common man in the villages, where the majority of the Indian population exists. The purchasing power of rural folk has increased. The means of transportation in the remote areas enabled them to get any commodity they want. This has resulted in greater demand and in turn, greater production. The overall effect was national development.

### 3.5 QUANTITATIVE IMPACT

Besides above stated qualitative factors and measures, there are different quantitative factors which are responsible for the growth of transport business in India. These too have major influence on the transportation system.

**3.5.1 Taxes** : Taxes of different types have strongly affected the transport business. Various types of taxes are levied by the Government from time to time and these are periodically revised to higher level due to inflationary trend. The major types of taxes which have influenced transport business are excise duty, vehicle taxes, goods taxes, fuel taxes and octroi.

As per the present tax rules, the transporter has to pay goods tax of Rs. 1471 and vehicle tax of Rs. 439 per quarter in a year. In the present study, it is noticed that the private transport agencies in Satara city expend 3.45 percent of the total expenditure on tax payment. On the other hand, it is reported, that the Government collects 16 percent amount of its total income as tax from the transport business. The transport agencies complain of large wastage of their transport time in the payment of these taxes leading to at times, the delays in the delivery of the goods causing inconvenience to the clients.

According to the All India Motor Transport Congress, the octroi on goods is not only unjust but has lead to major corruption malpractices. Octroi appears to be the biggest obstacle in commercial and industrial development. Several crores of business was lost in the transport strike in July 1991 in terms of loss in business, decay and obsolescence of goods during the transit, stoppages in industries and inconvenience to people.

**3.5.2 Air & Sound Pollution** : A greater awareness of ever increasing pollution through out the world has lead to impose various types of rules and policies. In view of the transport business, the burning of petrol and diesel gives rise to liberation of carbon monoxide, a poisonous and toxic gas. The vehicles also if not maintained properly produce large sound and cause sound pollution. The Government therefore, has enforced the transporters to abide by the minimum standards to avoid and minimise both air and sound pollution. These measures compelled the transport agencies to invest more so as to comply with the minimum standards. This has lead to more expenses in addition to the normal ones.

**3.5.3 Accidents and Traffic Jams** : On seeing the statistics, one finds that the road accidents are increasing steadily from year to year. This not only results in loss of human lives but also damage to properties and reduction in transport vehicles. Due to the fear of accidents, theft, and other contingencies, the transporters have to insure their vehicles, goods and people. The insurance cost of these agencies amount to 0.5 percent to 1 percent of the total cost. Thus, the eventuality of accident leads not only to financial loss but inconvenience and lowers goodwill of the transport agency.

The road conditions, by and large are not satisfactory both of national highways and urban-rural streets. To quote,

every year one finds hue and cry on the conditions of Bombay-Pune road in terms of pot holes. The poor road conditions not only lead to accidents but lead to severe traffic jams, inconvenience and wastage of fuel. According to The Times of India (Sept. 30,1992, p1) news, a person who started from Pune to Bombay at 2.30 P. M. in Maruti car reached Bombay at 7.30 A. M. next morning due to traffic jam and accident on the road.