

CHAPTER 1

INTRODUCTION

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CHAPTER I
INTRODUCTION

1.0 INTRODUCTION

Transport, the defacto barometer of economic, social and commercial progress, has transformed the entire world into one organised unit. It has immensely contributed to the evolution of civilization. Though, the demand for transport is not so fundamental in human nature as the demand for essential commodities. Yet, it is an indispensable part of culture, and stands out as a hallmark of civilization. The transport business, which ensures movement of person and things from one place to another, has constituted one of the most important activities of man in every stage of advancement. Infact, the whole structure of industry and commerce rests on the well-laid foundation of the transport system.

The Indian transportation system contributes significantly to the economic and social life of the people. Transport system is a basic infrastructure for the stimulation of economic growth and also for the social progress of the nation¹. The development of any country rests on how well spread and integrated transportation exists in the country.

1. S. C. Kashyap, National Policy Studies, Delhi, McGraw Hill Publishers Co., 1990, p. 701.

1.1 GROWTH OF TRANSPORT SYSTEM IN INDIA

Before independence, the transport system comprising mainly railways and road was developed primarily to provide communication with the major parts and large cities, keeping in view the administrative, strategic and trade imperative as, the time. The focus was changed after independence as, along with the rehabilitation of railways and reconstruction of high-way, which were damaged or neglected during the World War II.

A review of the development of transport in India shows that, the transport had recorded a substantial growth during the last thirtysix years (1950-51 to 1986-87) both in the spread of network as well as in the output of the system. Railways recorded a growth at the rate of 4.3 percent in freight traffic and 3.7 percent in passenger traffic. The traffic in major parts recorded a growth rate of 10.5 percent of road transportation, besides State Transport. Domestic airlines passenger traffic has increased by 6.8 percent. In respect of truck and shipping tonnage has increased at the rate of 11 percent and coastal shipping at 1.4 percent². From the above mentioned statistics for the last 36 years one can get extent of contribution by the transportation system in India in boosting national economy.

2. Ibid; pp. 702-703.

1. MEANING OF TRANSPORTATION

CONCEPT : The word 'Transport' is made of two syllables, 'Trans' and 'Portare'. Trans means across and portare means to carry. Thus, transport means to carry across or to cut down the distance between two persons or goods; land, water, and air are the media used for transport of goods and persons within a region as also between regions. Therefore, transport is defined as 'service or facility of which person' goods and property are conveyed from one location to another³'.

To add further, transportation is convenient for the goods and people over land, over water and through air.

Therefore, generally defined "the transport system is the sum of all technical instruments and organisation designed to enable persons, commodities and means to master peace⁴".

This implies that the transport system has economic, technical and organisational aspects. The term "transport" and "transportation" have the same meaning. The latter being used more frequently by the American authors on the subject.

3. J. K. Jain, Transport Economics, p. 1

4. Ibid: p. 2.

1.3 ECONOMIC SIGNIFICANCE OF TRANSPORT

The significance of transport (comprising of railway, road, water and air transport) in the field of economics is very great as it is related to production, exchange, distribution and consumption of wealth. Transport has definite impact on every sector of economy. The following points illustrate the significance of transport in the economic development process.

1.3.1 PRODUCTION : Transport has considerably facilitated production and particularly, large scale production which is impossible without it. Large scale production by its nature requires huge quantity of raw materials, large number of workers, huge capital investment, wider market, etc. To ensure regular supply of raw materials they have to be drawn from nearby and distant raw material producing areas.

Another requirement of large scale production is the distribution of finished goods over wider national and international markets. If finished goods are not immediately distributed, it will require great storing capacity, apart from causing huge working capital to be blocked. These problems of production can only be solved by cheap and efficient transport services.

1.3.2 DISTRIBUTION : Transport influences pattern and reward of distribution of factors of production viz. land, labour, capital,

organisation or enterprise, etc. Transport links increase the rental values of land by assuring future hopes and aspiration of the people of that area of development. Capital market finds wider markets for employment as there is increase in their mobility to search for better payment. Entrepreneurs find new opportunities to start various trade and industries where profit opportunities are greater.

1.3.3 AGRICULTURE : The role of transport in the field of agricultural products cannot be over emphasised. It increases the productivity by providing facilities for improved seeds, manure, fertilizers, marketing, storing, financing, etc. Technical advice, cheap and prompt transport facilities ensure remunerative prices for agricultural product and thereby provides incentives for higher production.

Unfortunately, in rural areas of our country, the only means of transport is the bullock-cart. The wretched conditions of our roads is one of the major reasons for our backward agriculture. Several handicraft and village industries may be developed by the countryside, if they are linked by some good system of transport.

1.3.4 INDUSTRIAL DEVELOPMENT : Industrial and transport development go hand in hand. They are the cause and effect of development to each other. Industrial revolution brought

fundamental changes in the field of transport system and the improved transportation provided the space for individualisation.

Transportation generally, influences the cost structure of a product. Transport cost of carrying raw materials from different centres and of sending finished product to different markets for sale is necessary. Hence, the availability of cheap transport facility can never be overlooked while analysing various factors of location of a factory and the cost of production.

1.3.5 EMPLOYMENT : Transport has opened a large number of employment avenues. The manufacturers of ship, locomotives, wagons, automobiles and other vehicles and production of their parts and accessories are today done by the large industries in the world, employing labour and capital on a large scale. The services provided by rail, road, water and airways provided employment to millions of people.

1.3.6 PLANNED ECONOMY : The days of unbridled capitalism are over. The state planning and socialism become the slogan of the street and order of the day. In a planned economy choices of production, distribution, and consumption of goods are deliberately regulated by the state to provide a better co-ordination to economic forces.

The location of industries, development of backward areas, regional planning and decentralisation, and defence all necessitate a proper system of transportation in a planned economy. Transport, therefore, gets high priority, in all the planned economy. The state deliberately tries to regulate cut-throat competition amongst various means of transport. Government tries to help transport services and industries by providing financial and technical assistance.

1.3.7 SOCIAL CHANGE : Roads provide good means of communication. They break isolation of cities and villages. They promote social awakening of masses. They have made educational facilities possible for the student living in remote places. The outstanding contribution of roads is that they have increased standard of living and broad outlook.

1.3.8 CHARACTERISTICS : Road transport system has some peculiar characteristics as mentioned below.

- (1) Road vehicles require comparatively small investment per unit as compared to other modes of transport.
- (2) No special track or stations are necessary as in the case of railway and airlines. Truck can reach any part of the country without modification of tracks.
- (3) The vehicles have full freedom of plying. So truck

operators can pickup the goods from the door of the consigner and deliver at the door of the consignee. The vehicles and goods inside them can be conveyed accordingly to the need of the transporters.

- (4) Time of loading and unloading can be reduced. The truck can run according to its own convenience. The goods can be delivered anywhere. Since they can be engaged in service at once, it considerably saves time.
- (5) The operators can control the loading and unloading of goods. The actual and probable leakages and damages are noticed at once by operator so, the damages are reduced as compared to those related to railways. Also, there is prevention from theft, damages by water, etc., as the protection of the vehicle is the responsibility of the operators.

1.4 THE PRESENT STUDY

The present study entitled "The Study of Private Transport Agencies in Satara City - A Managerial Approach", is based on the private transport agencies survey conducted in Satara city, during the year 1990-91. The survey was conducted to understand the working of private transport agencies, its impact on society and traders, problems of private transport agencies.

1.4.1 OBJECTIVES OF THE STUDY : The present study has been aimed to fulfill the following objectives.

[A] To study the working of the private transport agencies in Satara city.

[B] To find out its impact on traders in particular and society in general.

[C] To study the various managerial problems of private transport agencies.

[D] To offer suggestions for the effective working of private transport agencies in Satara city.

1.4.2 LIMITATIONS OF THE STUDY : Every study is bound to have some limitations or the other and so is the case with the present study. Transport development has undoubtedly contributed to economic, social and commercial development and has helped to satisfy the elementary wants more adequately and created new wants.

Taking into consideration, the limited objectives set for the study, the work is limited only to the private transport agencies and vehicles engaged in Satara city. The public transport as well as the vehicles were excluded from the perview of the present study.

1.4.3 METHODOLOGY : The methodology adopted to accomplish the above stated objectives is described below.

1.4.3(A) Selection of Satara City :- Satara District is one of the historical place and economically developing district of Maharashtra State. Satara city represents all the basic characteristics of Satara District, such as, historical background, nature of occupations, demography, geography, climate, etc. Hence, Satara city is deliberately selected as a representative for the study.

1.4.3(B) Selection of Private Transport Agencies : From the 'twentyfive' private transport agencies of Satara city 'eight' agencies were selected by the researcher (refer Table 2.5). Out of total selected agencies, 80 percent of the transport agencies have established their head office in Satara city and rest are located at Kolhapur and Bangalore. The details about the samples have been discussed in the following Chapter.

1.4.3(C) Selection of Vehicle Owners : For the selection of vehicle owners, the agencies running their agency business, and who are having their vehicles have taken into consideration. Then, required number of agency and vehicle owners were selected by using particular sampling techniques. The researcher insisted the various selected agencies and vehicle owners frequently and obtained all necessary information for completing the dissertation

work. The data shows the details about total number of vehicles owned and vehicle owners selected for the study. (Table 2.2.1 & 2.2.2)

1.4.4 Tools and Techniques Applied :- The researcher has applied following tools and techniques to collect the necessary data for the project.

1.4.4(A) Primary Data :- The primary data was collected with the help of a designed questionnaires, one for the agency vehicle owners and the other for the private transport agency. Both types of questions viz. open ended and close ended questions were asked.

1.4.4(B) Secondary Data :- The secondary data for the study was procured from various sources namely, R.T.O. offices from Kolhapur and Satara, District Statistical Office, P. W. D. Office, General Insurance Company, in Satara city. In addition, the researcher has extensively used libraries.

1.4.4(C) Data Analysis : The data collected in respect of selected private agency owners and data relating to vehicles owners has been processed manually, the use of tables, graphs, maps and percentage tables, have been made wherever possible and desirable. The findings were then discussed with experts, officials and professionals in this field.

1.5 ORGANISATION OF THE REPORT

The present study is presented in five chapters in this dissertation. The chapter outline is sketched below.

CHAPTER 1 deals with the introductory part comprising of meaning of transportation, significance (economic) of transport and characteristics of road transport system.

CHAPTER 2 covers with the profile of Satara city and working of various private transport agencies in Satara.

CHAPTER 3 discusses the impact of various factors on the selected transport agencies under present study.

CHAPTER 4 elaborates on different problems both internal and external faced by the transport agencies.

CHAPTER 5 brings together all the elements of the present study in the form of findings and suggestions.
