CHAPTER VII.

SUMMARY OF FINDINGS AND SUGGESTIONS.

The rapid growth of road motor transport has been the most significant achievement in the economic history of land transport during the 20th century and there has been a huge transfer of traffic from rail to road. The development of railways is possible only to a limited extent and cannot meet the immediate needs of the busy economy.

Road transport has been increasingly important in Indian economy. The share of road transport in the country in respect of short distance freight traffic has increased from 28% in 1960-61 to 33% in 1976-77 against the declining trend for railways from 72% to 67% during this period. On the other hand, in respect of passenger traffic the share of road transport markedly increased from 42% in 1960-61 to 61% in 1976-77 while there was a significant decrease in the case of the country's railways from 58% to 39% during the same period.

In decongesting the already overcrowded large cities and towns, road transport is more important than other transport modes. The employment potential generated by road transport is also
very significant. The employment generated, both direct and indirect, per rupee of investment in roads and associated road transport activities is higher than it is for a similar investment in railways. Inspite of its importance, this sector has been neglected. The revenue from road transport has increased to 23 times whereas the expenditure on roads has hardly risen to 6 times.

The north eastern region which presents an unusual combination of factors of economic backwardness and development potentials is surrounded by many foreign countries, has difficult terrain, a predominant tribal belt and is tragically flood-prone.

The decennial (1961-71) growth rate of the population in the region is higher than the national average. The percentage of rural population in the region is 90.56% whereas the country's figure is 80.09%. The density of population is much below the average for the country. The percentage of tribal population in the region is 22.19% as against all-India's 6.93%. The literacy figure of the population is not bad, but the N.E. Region suffers from paucity of middle level and top level
Skills - especially entrepreneurial and managerial skills. The problem of mass-unemployment is not so acute in the region as compared to other parts of the country and if any, it is confined to the educated urban centres. The percentage of landless agricultural labourers who constitute the proletarian class in the region is only 9.28% as against all-India's 26.33%. The region is industrially backward and only 3.9% of the working population is engaged in industrial sector, as against the national figure of 9.46% and the value of output produced by the small scale industries is only 1.13% of the value of gross output produced by small-scale units in India.

Despite ample scope for development, the horticultural and dairy farms have not developed significantly due to the fact that the fruit growers do not get adequate returns for their products for absence of markets and also the raw fruits can not be exported outside the region in good conditions for want of adequate and quick transport.

Though the avenues for raising the institutional finance are quite impressive in the region, the industrial growth has not picked up.
The value added in industry per capita is the lowest in the country. It is less than Rs. 25.00 in the N.E. Region as against Rs. 103.8 for the country and Rs. 294.3 for Maharashtra.

Moreover, the region produces 54% of India’s tea, 25% mulberry, 90% of India’s Silk and cent percent Muga and these can be further intensified with the development of transport. 52% of the area being covered by forest, the region has bright scope for setting-up of various forest based industries.

The per capita consumption of electricity as well as the pace of rural electrification in the region is very low. Only 7.13% of the villages in the region are electrified as against 37% for the nation. The region also suffers from power shortage though there is scope for power development particularly hydel power.

Banking facilities in the region are also inadequate. The region has 2.47 bank offices per lakh of population as against 4 bank offices for all-India. The incremental credit-deposit ratio (1969 - 77) for the region worked out to only 43.4% whereas it was 76.3% for the country.
Both the per capita income as well as the per capita availability of food-grains are very low in the region compared to all-India.

The inadequacy of transport facilities in the region is clear from the fact that there are only 2217 kms of railway route length for the region while Meghalaya, Arunachal, Manipur and Mizoram do not have any rail head at all. The development of railways in the N.E. Region is not feasible due to difficult terrain and steep gradients, and water transport has also a limited role to play. Though road transport is important as the only flexible transport mode for the region, the existing road situation is discouraging. The length of surfaced roads in the region is only 27.5% of total road length. Roughly 40% of the villages in the region are not touched by any roads at all and even the remaining 60% are rarely connected by all-weather roads.

Practically all consumer goods, barring foodgrains are obtained from outside sources and these imports account for 23.43% of the total income of the region. Of the total import bill for the region 99% is for consumer goods. The import structure of the region is such that only a few goods account for the
major share in import bill and the import structure of the region also exhibits the feature that there exists a good potential to substitute imports by domestic production for satisfying demand for intermediate of final goods.

Road transport is also playing not insignificant role in the inter-regional trade. During 1975-76, a total quantity of about 2.4 million tons of goods traffic came into the N.E. Region and the share of road transport was 0.53 millions tons. Of the total outgoing traffic of 2.7 million tonnes, the volume carried by road transport stood at 0.15 million tonnes.

Tea is a major item produced in the region and the tea chests which formerly went by rail have now switched to road transport and now 80% of the tea moves out of the region by road.

It is in regard to intra-regional trade that road transport is playing prominent role. The N.E. Region is important for the production of fruits and vegetables and road transport is estimated to have carried 384,000 tonnes of fruits and vegetables which had an average lead of 317 Kms.

The north eastern region is an important producer of forest products and 949,000 tonnes of forest products having an average lead of 195 kms.
were moved by roads in the region. Of the total
forest products plywood had the longer average lead
of 461 kms. Road transport also carried 690,000 tons
of cash-crops in the region and the average lead of
this group was 678 kms. Moreover, the food-grains
moved by roads in the region were estimated at
701,000 tonnes.

The N.E. Region is also noted for mineral
deposits and coal is an important item of mineral re-
sources. About 323700 tonnes of coal were moved by
road in the region. Further, 968550 tonnes of build-
ing materials were moved by road in the N.E. Region,
the average lead of building materials was only 89 kms.

Despite its special importance, road trans-
port in the N.E. Region has not developed significan-
tly. The number of motor vehicles has increased 8
times (1951 to 1976) representing an annual average
increase of 23.6% . Compared with all India, the deve-
lopment of road transport as a whole is poor in the
N.E. Region. Number of motor vehicles in the region
per 1,000 square Kilometre of area is 273 against the
national average of 736 , and per lakh of population
the number of motor vehicles in the region is 356 as
against 440 for the country's average. The intensity
of road traffic in the region is also low. On the other
hand, road length in the region has increased at an
annual rate of 7%. Upto the end of the 5th Five Year Plan the allocation of outlay to road transport was only 1.46% of the total plan outlay and 8.75% of that on Transport and Communication.

Upto 1976-77 only 13130 Kilometres representing 33% of the total road transport kilometres in the region have been brought under nationalization.

Road transport undertakings in the N.E. Region are found to be inefficient compared with those in other States. Barring Calcutta in the country and Assam in the region, both fleet and vehicle utilization are lower in the region.

The quality of service of road transport undertakings in the N.E. Region is also comparatively inferior to those in other parts of the country barring Calcutta. Both accident and break-down rates are on the increase in respect of the State Transport undertakings in the N.E. Region.

Road transport undertakings in the N.E. Region are not at all financially remunerative. The important thing is that in very recent years the State Transport undertakings in many other States have started earning between 3.5% to 10.5% on capital employed. But most of the undertakings in the N.E.
Region, excepting Tripura which earned a bare 0.02%, had no return at all during 1974. On the other hand, during 1973-74 and 1974-75 the loss per kilometre operated had been highest in the N.E. Region except North Bengal.

Suggestions:

Thus we can see that the north-eastern region is heavily handicapped by lack of infrastructural facilities of which the lack of adequate road transport is the most significant. In view of the predominantly rural character of the region as also the sparseness and scattered nature of the population road transport links are vital for the economy of the region. The rural incomes depend vitally upon the marketing possibilities which in turn hinge upon road transport facilities. The fact that a good part of the rural produce of the region consists of perishable commodities such as fruits and vegetables the prosperity of rural economy of the region is closely bound up with quick and cheap means of transport of village produce which in the case of north-eastern region will have to be mostly by road transport. The fact that the region suffers from a severe lack of most of the necessaries of life and is having to meet them by
import of which basic consumer requirements also indicate the predominant role that road transport plays in the region's economy. An effective distribution of these imports from the rail-heads which are themselves very few, to the distant and scattered parts of the region necessitates village road transport links. If the region has so far remained economically backward, the major stumbling block has been poor road transport. Even from the point of view of additional employment generation road transport could have helped considerably and in view of the high employment potential for a low investment road transport can boast of.

While rail transport is no doubt important for the region, it is a pity that the even more important road transport sector is not adequately stressed in the dialogue between the representatives of the region and the centre. It is hoped that political considerations which are merely sectional interest will not come in the way of according road transport the high importance it deserves. While saying this it must be conceded that no single mode of transport should be considered in isolation and it is essential to work out an integrated and coordinated transport policy. One of the concrete steps
that should be taken to make the planners realise the significance of road transport is by operating the State road transport undertakings on sound commercial lines. So long as these undertakings operate inefficiently and incur losses and are not able to pay even interest and dividends while their counterparts in most of the other parts of the country have had well and shown profits from 3% to 10%, so long it would be difficult to impress on the public and the planners the importance of road transport. In the task of toning up the operational efficiency of State road transport undertakings in the region a prominent place should be given to an unusually large vehicle breakdowns and the extremely low utilisation percentage of fleet and vehicle. Proper maintenance and repair shops and due cost-accounting vehicle-wise could be appropriate steps to reduce breakdowns.

In this connection we would suggest the setting-up of a Central Workshop for repair and maintenance of the transport vehicles. The importance of such a central workshop can hardly be exaggerated. "The establishment of central workshops where repair work can be undertaken for nearby factory and farms which are too small or limited in resources to
justify elaborate maintenance staff and equipment of the room and where spare parts can be stocked or made, is a useful investment for developing countries.¹

Vehicle break-downs can also be reduced by better construction and upkeep of roads and bridges in the region. Since vehicle utilisation depends upon the average kilometres done per vehicle per day the longer the road length the better is the possibility of vehicle utilisation. But in the north-eastern region as we easily see that the road length, particularly surfaced road length is very poor and quite a large number of roads are unusable during the rainy season. There are also many weak bridges and the region being criss-crossed by numerous rivers has to depend upon an unduly large number of bridges. Unless, therefore, the roads and bridges are maintained in proper conditions, vehicle utilisation will be poor.

It is, therefore, suggested that much greater attention than here-to-fore be devoted to the development of roads and bridges.

¹ "Central Repair Workshop in Developing Countries" by A. Laberenz and G. Sain. Development Digest Vol X NO 4 October 1972, P - 77.
Another measure of tonning up operational efficiency is to overhaul the administration setup of the State road transport corporations particularly through better recruitment policies and weeding out redundant personnel and strengthening of inspection staff. A further measure which would help reduce losses is the revision of fare and freight structure in keeping with the users' capacity to pay and the rising cost of road transport services.

As regards private road transport, there is considerable room for improvement. Of the private city bus services which run heavily over-crowded and badly maintained are often in collusion between conductor and drivers with regard to fare collection. On the other hand private road transport of goods traffic has a record of efficiency of service including door to door services, prompt delivery, personalised services, minimum breakage of goods. However, this transport is used often for smuggling articles like agar and wax from the N.E. region. It is also a source of considerable tax-evasion. It is, therefore, urged that a greater measure of control of private road transport is introduced.
The time will soon come when the different constituent units of the region will realize clearly that it will be necessary to more closely integrate their economies if they are to become economically viable. As it is they are too small and economically unviable they are not able to make full use of the development potentials because of lack of skilled manpower and lack of adequate market. With closer integration it will be possible to improve manpower resources and have wider markets which will help to take advantage of economics of scale of production units. Road transport will play a vital part in such economic integration.

In view of the high development potential and population increase there is clearly indicated a distinct increase in traffic demand in the next few years. Road transport will have to meet a major share of this growing traffic demand.

In view of these considerations it is hoped that the primacy of priority for road transport will be recognized by the planners and road transport development would get its due.