Transport is regarded as the de-facto barometer of economic, social and commercial development; a hallmark of civilisation; and the command of rapid and comfortable travel made possible by transport is an indispensable part of culture. Transport is a personal activity, a social service and an industry that constitutes one of the most important activities of men in every stage of advanced civilisation. It carries ideas and invention to the people and has considerably contributed to the evolution of civilisation. The rapid and gigantic commercial and economic progress of the world to-day, is associated with the development of transport. By affecting movement transport increases the spot-value of commodities. The function of transport is to carry commodities from points where their marginal utility, the significance of a little more or a little less, is relatively low to where it is relatively high.

1. The Mediterranean sea was the cradle of Western and Middle Eastern civilisation, but only those States on its shores became great empires which expanded transportation beyond what was afforded by the sea itself. (Encyclopaedia America - Vol. XXVII, P-25).
Besides involving the mobility of men and materials, the importance of transport arises from its being one of the principal factors affecting the location and distribution of economic and social activities. No nation can afford to underestimate the crucial and the creative role of transport in economic development at the national and regional levels as well as in the expansion of inter-national trade. To-day, efforts have been made to explain regional imbalances in terms of infrastructure, of which transport is a vital component.

A more recent United Nations study has claimed that transport is the formative power of economic growth, and the differentiating process. But it is also sometimes argued that transport is a result, rather than a cause of economic development. However, the transport/development relationship is a two-way interaction process, which depends on the type of economy involved as well as upon the level of development at which transport improvements are affected.

4. Infrastructure aids income-generation and production in the rest of the economy rather than income-generation and production within the infrastructure enterprises; the profitability in superstructure enterprises is usually higher than that of infrastructure enterprises.

However, in olden times due importance was not attached to transport because people thought the manufacturing industries, banking and agriculture to be the sole factor that contributed towards the development of national economy. But it is now felt that the development of all these related sectors depends upon the well-laid transport system which helps human beings in removing the unwarranted handicaps of physical separation and "enables a given flow of resources to produce greater results". The significance of the transport sector lies not only in the specific services it renders, but even more in the unifying and integrating influence it exerts upon the economy augmenting productivity, widening the market facilities and bringing villages and towns as well as the remoter and the developed regions closer to one another, thus providing new stimuli to economic activities.

The transport system of a country comprises a number of distinct services, notably, railway, road transport, inland water transport and internal airlines which constitute the principal modes of communication within the country, specialised modes of transport such as pipelines, ropeways, shipping and the international airways.

Each mode of transport has special relevance depending upon the geographical condition and the stage of economic development of the country concerned. But railways have generally come to assume special importance in the transport systems of the under-developed countries of the world, because in many cases railway has emerged as the fore-runner and initiator of development and modernisation and has tended to dominate subsequent patterns of progress both in the transport sector and elsewhere. But in recent years, when most of the countries have developed complementary modern road system, and underused railways become too expensive to maintain, the degree of road-rail competition has become so intense.
that railways have ceased in some cases to be economically viable. 7

Moreover, the most significant achievement in the economic history of land transport during the twentieth century has been the rapid growth of road motor transport and the 'development of the internal combustion engine has not only revolutionised road transport but has completely altered the whole economic situation. 8

Besides providing increased travel facilities, motor vehicle production has become a major industry in the United States, Britain and other industrial countries.

For many a decade, railways were regarded as the sine qua non of economic development of the underdeveloped countries but the most marked characteristic of the most recent phase in many countries has been the dominance of road over railroad. A common theme in transport studies in less-developed countries has been 'the steady rise in the importance of the road traffic, which

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7. B.S. Hoyle, 1973, p. 14. 'In at least two tropical African cases - Sierra Leone and Ivory Coast - the traditional close association between an arterial Railway and the economic geography of the country concerned has began seriously to disintegrate, and in the former case the Railway system is being phased out as a new road programme is developed.

first complements the railroad, then competes with it, and finally overwhelms it. This process seems to occur at various stages of development, and major roads are probably being built to-day where rail arteries should have been constructed in the past. The importance of railways as the pioneer in fulfilling the role in the establishment of a transport infrastructure in less-developed countries cannot be ignored, but more attention is now being paid to roads.

It is generally recognised that the capacity and connectivity of a road network is a very important factor in regional and national development. One of the foremost priorities of transport policy in many less-developed countries is, therefore, the improvement of rural road systems, an attempt to bring at least one form of modern transport within the reach of a high proportion of the population. A common theme throughout the evolution of the transportation system in Ghana, Nigeria and some other countries, has been the steady rise in the importance of road traffic and consequently the heavy traffic flows in Ghana have virtually forced the authorities to bring the basic road triangle up to

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first-class standards of alignment and surface." This fact has been accompanied by the steady rise in the importance of motor vehicles that is itself an indicator of the dominant transport feature of most underdeveloped countries that are having the expansion of the road network.

On the other hand, the development of Liberia within the last twenty-five years from a series of disconnected coastal settlement to a politically unified country significantly marked with economic activity and social progress, can be attributed primarily to the impact of port and road development which began towards the end of the World War-II.

Africa is the continent in the whole world which owes its development mainly to transport. River transport played an important role in opening-up trade routes in some parts of tropical Africa soon after the partition of the region among the colonial powers. But railway construction made an immeasurable contribution


12. Ibid: - P-87. "The Roads are unevenly distributed throughout the country, a situation that has favoured certain ports, Monrovia, for instance, has always been served by the road network.
to the revolutionary changes that took place in Africa as it becomes integrated into world politics and the world economy. The railways also played a vital part in the establishment of colonial administration, and indirectly in the subsequent stages of social changes in Africa. Hence in 1922 Lugard had rightly remarked that "the development of Africa can be summed-up in one word - transport".13 Railways were unchallenged as major means of long-distance transport for both men and materials for the first 25 years of this country and for the further 25 years the challenge of road transport had little impact on the importance of the railways in most parts of tropical Africa. But there was a veering since 1950 when the railways continued to suffer from road competition, and in certain countries this has now become very severe, and under some circumstances it has resulted in rail closures as in Sierra Leone in the early 1970.

The general experiences gained from a number of countries have made us to conclude that the growth of modern road transport has posed a threat to the railways and that it has been a major handicap in the way of the extension of new railway network resulting in the introduction of modern road transport in the areas which would

have, in the past, been served by railways.

In many respects the modern road transport system is an essential and formidable factor having significant impact on the economic development of the modern world, and has proved to be even more important than the railway under some circumstances. Regarding the superiority of roads and road motor transport, the authority on transport Mr. M.R.Bonavia has rightly emphasised the need of a well developed road transport system and stated that 'the renaissance of the roads is sufficiently fresh in the memory of the present generation for it to be unnecessary to stress the special advantages of road motor transport. Its distributive ability, its economy of power, its flexibility of operation and organisation are obvious'.\textsuperscript{14} The contribution of railway in the economic development of many countries cannot be overlooked. Railway is more important than the road transport in some particular conditions. Railways would prove to be economical only in respect of long distance bulky traffic. Considering the economic viability of the railway in the economic development, it is observed that 'it has been made quite clear by

recent railway costings investigations that the railways will be able to provide particularly cheap and effective service, tailored to the needs of the customer, in cases where a large and particularly a regular flow of traffic is forthcoming. Therefore, for having flows, particularly of homogeneous bulky carriage, the railway as a mass producer is likely to be at an advantage. In fact, road and rail are typically performing different types of works and this is revealed from the general observations of the recent trends of freight and passenger traffic, both rail and road, in different countries of the world. Rail freight is generated mainly by the coal and steel industries and other mechanised large scale industries affording heavy consignments for through haulage long distance, while road transport is concentrated much more on the distribution of consumer goods of all kinds. 'An agricultural country, backward in modern industry cannot but feel railroad transportation a burden some luxury'.

It is the decline in the former industries and the advance of the latter ones which account for the changes of rail and road traffic between 1958 and 1962 in Great Britain.

and road haulage is responsible for a large and increasing proportion of freight transport in that country*. The increasing emphasis in favour of road transport thus seems to have sprung much from the significant decline of those activities depending on rail transport and advance of those depending on road and the fact that there has been a huge transfer of traffic from rail to road, suggests a clear overall superiority of road transport.

The economy and the trend of commercial activities of the world to-day have undergone substantial changes and sophisticated nature of the modern economy requires quick, flexible, efficient and economic transport services. The development of railways is possible only to a limited extent and cannot meet the immediate need of a busy economy. On the other hand, the critical factor in the economic development of the underdeveloped countries has been the improvement of internal accessibility through the expansion of a transportation network. From this point of view, road motor transport can be said to be in a special advantage to meet the needs of

* Total Road ton mileage has increased by about 55% and the proportion of inland freight haulage accounted for by road has increased by nearly 20% over the last decade.
the time. The greater speed, mobility, and reliability of trucks and personal contact with the truck drivers cause some to utilise high way transportation. Regarding the superiority of road transport Mr. Christopher I. Savage has remarked that "road motor transport, by providing inexpensive and flexible haulage and delivery services, has powerfully influenced the location of industry and trade, it has also strongly influenced the location and growth of cities and housing estates". The rural railways do not, in any case, form such an extensive network as the road system and for this and other important characteristics road transport is predominant in Great Britain and it has proved to be an economical mode of transport inspite of the existing extensive railway network in the country and it was 'estimated that roughly 80% of all passenger miles travelled in this country are, in one form or another, travelled by road'. On the other hand during the inter-war period there was a significant decline in the rail-borne traffic in Britain.


20. Select Committee on Nationalised Industries, 1960, Appendix 8, P-335.
However, all the traffic lost by the railways was not the result of road transport development, nor was all the goods traffic carried by road 'lost' by the railways. 'The relative cheapness of road goods transport, together with the several other advantages it possessed for traders over rail conveyance, were among the main causes of the severe decline in railway traffic and revenues in the inter-war years in Britain'.

This in any case would have been sufficient to account for the steady growth of road goods transport all over the world.

The modern world is marching swiftly in business ventures. From the traders point of view, of preferring to send goods by road than by rail is due to the fact that apart from road haulage rate being generally cheaper than that by rail, the 'service' provided by the road hauliers is generally considered superior. Time is an important element for the modern business community and 'the road haulage had the advantage of certainty, speed and reliability'. Railways could provide good overnight service on trunk routes, but were inferior where traffic had to be interchanged between one company and another. The hours of collection of road haulage were

*21. Ibid - P-140*. Another basic cause of the loss of rail-borne traffic to road goods transport were the real cost of carriage by road was less than that by rail and that the service provided by road transport was frequently superior.
also more elastic than those of the railways. Road Transport could generally provide for the emergency job. Where great punctuality was required in the delivery of goods, as by a mass-production plant using an assembly line, road haulage could provide service which it would have been impossible for the railway to provide. For, the railway only placed travel facilities within the reach of all who wanted to seek them out while the 'road thrust them into everybody's grasp. The special advantage offered by road motor transport in the development of rural areas, too, needs no emphasis. For, road transport as a new, convenient and inexpensive service could easily have been provided without creating some new traffic of its own. It is commonly believed that road transport 'creates its own traffic'. Therefore, the rural economics generally generating smaller consignments, more variegated and heterogeneous traffic road transport enables a similar volume to be distributed more evenly through time and permits the provision of services so essential for individual necessities.

Hence to quote Mr. Bonsavia 'it is probably true to say that road motor transport has effected a more profound change in the social characteristics of

nations than the railway. This is especially true of rural areas, where the rapid transition of the automobile from a luxury to part of the standard equipment of the former needs no emphasis, and even in the most favourable circumstances railways could never emulate the capacity of the road system. By providing the door to door services the motor transport has claimed to be the unique one in the history of transport. On the other hand it is interesting to note that when the railways were quite new it was thought to be an agent of democratisation. But the advent of the motor car has proved an even more powerful agent since not only the duke, but his grocer and his gardener have their own private conveyance; and this type of democratisation implies a levelling up rather than a levelling down of standards.

Though it is generally argued that the growth of modern road transport is to a greater extent responsible for the resultant loss of railway traffic and revenues its role as a feeder to the railways cannot be denied and without roads it is difficult for railways


* Road system is playing a very important role in the development of the national economy of Great Britain and it is stated that there is hardly a house in that country which is not connected with the national road system.
to exist. It is the modern road transport that can only claim to reach the vast nook and corner of the world where the extension of the railways is both difficult as well as uneconomical. Besides providing mobility to both men and materials road transport is also creating tremendous employment potentialities. So it is rightly stated that the country 'bus services have done more in twenty years to develop the habit of travel in rural communities than any other means of transport did during a century. Even when it competes directly with the railway, road transport has created much new traffic and has undoubtedly tapped levels of the demand for transport which before went unsatisfied'.

RELEVANCE OF ROAD TRANSPORT IN INDIAN ECONOMY:

In the light of the above analysis we can now make an attempt to evaluate the relevance of an extensive and a well-efficient road transport system in the context of the present Indian economy.

India is primarily an agricultural economy and all its growth-based plans should have a rural bias. Unfortunately, however, the nation immediately after independence embarked upon the programme of rapid industrialisation with accent on heavy industries. The nature of these industries which absorbed the nation's resources was to produce results after long periods resulting in huge outlays being diverted towards wrong channels as a result of which even many years after independence the vast majority of the population is being deprived of the barest minimum.

However, the change in the political set-up of the country has altered the established ideas and has resulted in a determined orientation of the nation's plan priorities towards rural upliftment and village development. One of the important objectives of economic planning of all the countries including India is to do
away with the regional imbalances and to attain balanced economic growth thereby putting the entire canvas of the nation on the same level of development and growth. The fulfilment of all these objectives calls for an all round development of the transport sector which is the only factor that can provide direct connecting link to every corner of the country. Without an adequate transport system no development can even be attempted particularly in a country like India and it is perhaps the most important infrastructural component so far as the development process of a nation is concerned.

Of course, it can not be said that the efforts to develop the transport sector have been lacking. The nation has so far been making huge investments towards the development of different modes of transport viz.: railway, roads, coasts, inland navigation and air-ways etc. All these different forms of transport available are not equally important so far as the existing feature of the Indian economy is concerned. Though airways is important from national as well as international standpoint it is nothing but a dream for the majority of the people in India. Railway as a mass producer is very important and economical particularly in respect of long
distance and bulk carriage. From the point of view of flexibility, accessibility, reliability and efficiency as well as a quick means of transport, road transport, has, however, come to be regarded as the most important mode of transport all over the world. Inspite of its being a very important component of transport very little attention has been paid, until recently, towards its improvement. A famous economist has rightly remarked that 'in view of the importance of road transport it is surprising that so little public concern has been devoted until very recently, to the fulfilment of this public responsibility for the roads'.

However, the importance of road transport in the Indian economy cannot be over-emphasised and an increasing trend towards its urgency to fulfil the basic requirements of the country has newly developed.

'Of the various modes of transport, undoubtedly the most important is road transport. Although we have one of the largest railway network in the world, railways still can not be expected to cater to each and every nook and corner of the country and connect its 5½ lakh villages. It is only road transport which can

meet this need. The importance of road transport in Indian economy has got reflected specially in the poli- cies and priorities of the 6th Five Year Plan (1978-83) of India. Among the most important objectives of the plan 'is the focus on rural development and the provi- sion of minimum needs to the poor in the villages and towns. As a service function the transport plan will necessarily have to reflect these priorities'.

The past experience of planning in India shows that little attention was attached to the requi- rements of the rural economy and its population and plan priorities, by and large, tended to concentrate on movement of goods, specially raw materials and fini- shed products connected with developments in the organ- ised industry and urbanised sectors.

During the new plan period it is proposed to meet the conventional goods as well as inter and intra-city passenger traffic. Thereby importance is focussed on building up a transportation system required for transporting agricultural surpluses from villages to mandis and for 'enabling other rural products, such as lather and lather goods, handicrafts and handloom

products etc. to move from villages to towns and cities thereby enabling the primary producers to obtain better prices for their products. Likewise transport facilities required to connect inaccessible regions, particularly those in the hilly, tribal and backward areas which have hitherto tended to remain physically and emotionally somewhat outside the mainstream of the country's progress will be given higher priority.\(^{27}\) It cannot be denied that much of the railway network in the country have been laid on political, rather than economic, considerations. For, while making the judgements towards laying new railway lines the probable much less expensive alternative of a road is not usually properly evaluated. 'There are several cases in which lines built on this criterion appear to have made little or no contribution to the development of the area in question while there are other areas which have developed rapidly without railway lines, based solely on roads system.'\(^{28}\) What is the use of taking up these ventures that do not satisfy the purpose? Since railway network is highly capital-

27. Ibid: P-206.
intensive new principles for judging the economic and social desirability of such proposals will have to be considered so that the more important development aims of the plan are not paralysed. All that is suggested is an extensive and economic transport system that is essential for an overall economic development of the nation since "a cheap and extensive system of communications is the greatest blessing which any country can have from the economic point of view!"

The Second Annual Conference of the Association of the State Road Transport Undertakings (A.S.R.T.U.) held in New Delhi on 27th February '78 also strongly emphasised the significant role the roads and road transport can play in the development of our national economy. It was pointed out that 'they have not been given the priorities they deserved in the national development plan'. Mr. S.Y. Ranade, Secretary, Ministry of Shipping and Transport, also had urged the centre and State Governments to accord high priority to roads and road transport if the development of rural sector had to keep pace with development in other sectors.


So far as the present economic set-up is concerned, the preference of the people has markedly changed in favour of road transport, this is why Dr. F. P. Antia has aptly remarked that 'the consumer given the choice between rail and road prefers the road', as a result the internal road traffic in the country has increased significantly compared to railways that can be empirically tested.

The burden of increase in internal traffic since the First Five Year Plan has fallen mainly on the railways and the road transport and more on road transport than on railway transport. Over the period 1950-51 to 1964-65 railway's freight traffic increased nearly two and a half times and the traffic by road is estimated to have gone up by five times. Besides freight traffic, the passenger traffic by road in the country has also increased significantly during this period. During the years from 1950-51 to 1964-65, passenger traffic by rail in India has increased in terms of passenger kilometres by 40% while that by road increased by about 228%.


In common with trends observed in a large number of other countries in recent years, while both rail and road transport in India have developed considerably their relative shares have changed markedly in favour of road transport. The share of Indian railways in the total goods traffic carried by rail and road together has diminished from about 89% in 1950-51 to about 77% in 1964-65. This shows that the share of road transport increased from 11% to 23%—more than two-fold. Similarly the share of Indian railways in the total passenger traffic has fallen during this period from about 74% to about 55%, while that of road transport increased from 26% to 45%.

The following table will give us more recent ideas regarding the share of rail and road transport in non-bulk short distance freight and passenger traffic, which as a proportion of the total traffic has been growing steadily.

33. Ibid.
Table showing the share of rail and road in the short distance freight and passenger traffic.

Table: 1

<table>
<thead>
<tr>
<th>Years</th>
<th>Railways (Tonne-Kms)</th>
<th>Road Transport</th>
<th>Percentage share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-61</td>
<td>88</td>
<td>35</td>
<td>72</td>
</tr>
<tr>
<td>1965-66</td>
<td>117</td>
<td>55</td>
<td>68</td>
</tr>
<tr>
<td>1968-69</td>
<td>125</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>1973-74</td>
<td>122</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>1976-77</td>
<td>157</td>
<td>76</td>
<td>67</td>
</tr>
</tbody>
</table>


It is clear that the share of road transport in non-bulk short distance traffic has shown a rising trend as against the declining trend for railways. In respect of passenger traffic the road transport has now become by far the major mode of transport. Though as a
mass-producer railway is economical for large scale production, with great single consignments for through haulage over long distances, 'the road service by Automobile truck, lorry or car is more suitable for smaller consignments within the means of the average farmer or craftsman in the Indian villages'.

One important feature in our national economy is the predominance of lakhs of villages. Consequently a trend of movement of people from villages to the towns and cities has developed resulting in overcongestion of the already crowded urban centres. "A new priority which will have to be brought into the development of the road transport system is its role in supporting the programme for decongesting large towns and cities'\(^\text{34}\),\(^\text{35}\), as transport and other infrastructural facilities are among the important factors responsible for the growth of modern urban complexes. Hence the provision of an improved and extensive transport system made available in the smaller and medium size towns is the greatest boon to stop such migration.

\(^{34}\text{National Planning Committee: Transport, P-46.}\)

\(^{35}\text{Planning Commission: Draft Five Year Plan (1978-83), P-210.}\)
as takes place and to attract them to these towns instead of to the larger cities. Road transport would be the only viable transport mode fulfilling these objectives, for railways in most cases cannot afford to satisfy these aims on grounds of economy and rigidity.

Furthermore, one of the burning and frustrating problems facing the Indian economy today is the growing and challenging unemployment problem. It is revealed in recent studies 'that employment generated, both direct and indirect, per rupee of investment in roads and associated road transport activities could be higher than it is for a similar investment in railways'.

The Journal of Transport Management has stated that 'the roads and road transport have high potential for creating employment. The present Government's emphasis on creating employment can be achieved by the development of this sector'. Its employment potential is so tremendous 'that on the basis of data made available by NCAR it has been calculated that per crore of rupees about 12,000 man-years of jobs would be created at the construction stage of road building. Later on, during the

36. Ibid. p-206.

37. Association of State Road Transport Undertakings: Journal of Transport Management, March'78, p-6
operational stage of road transport about 41,000 persons would be employed indefinitely in future years for every crore of rupees spent on roads.\textsuperscript{38}

Despite the relative importance of road transport in Indian economy, the road transport industry is not freed from the severe constraints under which it has been operating. Most of the Indian roads are fair-weather roads. Since good roads, besides providing easy and comfortable service, result in fuel economy and lesser wear and tear of vehicles, there is a case for improvement of the existing road system in the country. Another handicap in the development of road transport in India is the scarcity of fuel. Today about 88% of the high speed diesel oil used in India is consumed by road transport and the remaining 12% is accounted for by the dieselised railway locomotive.

Moreover, road transport is being subjected to heavy fiscal burdens in the shape of excise and other duties on vehicles, components, accessories, tyres, fuel and almost all conceivable items associated with road transport. It is notable

\textsuperscript{38} The Economic Times, Nov.10, 1977.
that road users taxation in India takes a variety of forms and is subjected to multiple taxation resulting from levies by the Central, States and Union territories, and local Governments. At present, the State Governments collect a variety of road user payments, such as motor vehicles tax, tax on passengers and goods, sales tax on vehicles, spares parts, fuels and lubricants apart from fees for vehicles registration, drivers and conductors licences etc. and fines. The local bodies with the consent of the State Governments collect the most vexatious octroi, the terminal tax, the wheel tax and the tolls. Moreover, the Central Government collects general levies like custom and excise duty on motor vehicles, tyres, tubes, petrol, diesel, lubricants and other accessories and components. Though road transport taxation in India is higher compared to that on other related sectors, little attention has been paid to the development of the sector. That the technique of making the road users pay for the use of roads is more than fulfilled is proved by the comparison of the figures of revenue and road expenditure that is appended in table No.2.
Table showing the revenue from road transport and expenditure on roads during the periods in India.

Table: 2

<table>
<thead>
<tr>
<th>Items</th>
<th>Units</th>
<th>1950-61</th>
<th>1955-60</th>
<th>1960-65</th>
<th>1965-70</th>
<th>1970-75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Revenue from Road Transport</td>
<td>Rs. Crores</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>47.37</td>
<td>71.43</td>
<td>167.48</td>
<td>394.57</td>
<td>747.00</td>
</tr>
<tr>
<td>Expenditure on Roads</td>
<td></td>
<td>34.47</td>
<td>82.17</td>
<td>109.76</td>
<td>179.66</td>
<td></td>
</tr>
</tbody>
</table>


It is clear that the Governments have realised revenue from road transport at an impressive rate during the period and the resultant increase is about 23 times whereas the expenditure on roads has increased by only about 6 times.

It is undeniable that poor road situation results in the increased wear and tear and it has been calculated that the operating cost of a vehicle goes up by 20% for running on bad roads. It has been estimated that Indian vehicle manufacturers utilise about 25% of their capacity for the...
That the road transport industry in India is being neglected is also clear from the fact that while road transport contributes Rs. 1660 crores annually to the State and Central Exchequers by way of taxes and levies, 'little of this is spent on development on roads and even the outlays earmarked for road development programmes are not fully utilised'.

"Worse, public outlay on road development has been consistently reduced from over 8% in the first Plan to about 4% in the 5th Plan, this is quite dispressing considering the fact that the revenue from the road transport sector has, during this period, been multiplied."

It has been estimated by the Transport Road Research Laboratory, U.K., that by the mid 80's, the total tonnage of goods and passengers moved by Road 'will be six times higher than that moved by all other modes of surface transportation'. It is clear that if we have to catch

40. Automotive Engineer and Traders, June'77, p-22
up with the rest of the world, we have to start paying increased attention to this sector and allot more funds for the development and extension of roads.

The following table shows the State revenue from road transport in India (Rs. in million).
Table 3

<table>
<thead>
<tr>
<th>Years</th>
<th>N.V. Taxes and fees (Rs. in million)</th>
<th>Sales tax on motor fuel (Rs. in million)</th>
<th>Taxes on passenger and goods (Rs. in million)</th>
<th>Total fees in respect of licences (Rs. in million)</th>
<th>Other fees (Rs. in million)</th>
<th>Total fees (Rs. in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>-</td>
<td>124.4</td>
<td>1.1</td>
<td>125.5</td>
<td>2.63</td>
<td>5.79</td>
</tr>
<tr>
<td>1955-56</td>
<td>138.5</td>
<td>89.4</td>
<td>30.4</td>
<td>258.3</td>
<td>2.12</td>
<td>5.8</td>
</tr>
<tr>
<td>1960-61</td>
<td>298.8</td>
<td>169.1</td>
<td>84.5</td>
<td>552.4</td>
<td>3.74</td>
<td>11.44</td>
</tr>
<tr>
<td>1964-65</td>
<td>592.3</td>
<td>259.5</td>
<td>293.5</td>
<td>1145.3</td>
<td>5.68</td>
<td>17.15</td>
</tr>
<tr>
<td>1965-66</td>
<td>617.6</td>
<td>315.1</td>
<td>324.6</td>
<td>1267.3</td>
<td>4.42</td>
<td>13.65</td>
</tr>
<tr>
<td>1966-67</td>
<td>685.4</td>
<td>372.1</td>
<td>390.0</td>
<td>1447.5</td>
<td>5.44</td>
<td>13.23</td>
</tr>
<tr>
<td>1967-68</td>
<td>757.7</td>
<td>449.1</td>
<td>455.0</td>
<td>1679.8</td>
<td>10.17</td>
<td>31.37</td>
</tr>
<tr>
<td>1968-69</td>
<td>855.9</td>
<td>492.6</td>
<td>506.6</td>
<td>1857.1</td>
<td>9.40</td>
<td>22.12</td>
</tr>
<tr>
<td>1969-70</td>
<td>879.6</td>
<td>573.7</td>
<td>577.7</td>
<td>2031.0</td>
<td>10.98</td>
<td>40.93</td>
</tr>
<tr>
<td>1970-71</td>
<td>1433.0</td>
<td>526.9</td>
<td>101.5</td>
<td>2061.4</td>
<td>8.31</td>
<td>31.72</td>
</tr>
</tbody>
</table>

* For reporting States and Union Territories.

It is obvious that collections by way of taxes swelled by more than 16 times and those by way of fees by about 8 times. It is also clear that the rate of Motor Vehicle Tax in India is too high and it alone constitutes more than 60% of the total taxes levied on road transport in the country during 1970-71.

All that is apparent is that the cumulative tax burden on commercial vehicles has exceeded reasonable limits. An authentic study in this regard can be found in report of the Road Transport Taxation Enquiry (Keskar) Committee, 1967. Since then the tax rates have gone up by over 40% and input costs have soared too. Almost all Finance Bills since 1965, except that of 1976, have been adding taxes of one form or another. Yearly budgets of State Government too have been continuously enhancing scales tax rates on the automobile till recently. Also it is clear from the report of the Keskar Committee that the element of taxation in freight rate on road transport roughly equalled the average freight rate of the railways. Earlier the Eastern Region Transport Survey reported that

the railways made nil contribution to the evom ever while the contribution of road transport was as high as 22% of the turnover. On the other hand, contrary to the road transport, the railways have enjoyed all possible advantages from the Government. 'Somehow the Government which has evolved the right policy for the railways, has not been able to do so for road transport'.

To quote Dr. P...artia 'If the fiscal burden on road transport was at a lighter and more reasonable level, say the level at which rail transport is taxed road transport could provide its service at a much lower cost to the consumer, and cover a wider field, both area-wise and commodity wise'.

and 'the development of roads, whether National and State highways or major district roads, other district roads and village roads; together with appropriate vehicles to operate thereon is more in keeping with the spirit of the times than a huge railway system for the area proposed to be opened up'.

44. Ibid, November 9th, 1977.