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INTRODUCTION

1.1. Background

Economic development is a process of increase in real income and standard of living of the people. In the early days, economists were interested only in the problems of Western economies. But it is in the forties of the twentieth century and especially after the Second World War, economists devoted their attention towards analysing the problems of less developed countries. The leaders of newly born countries of Asia and Africa have given priority to economic development and coupled with realisation on the part of rich countries, that 'poverty anywhere is a threat to prosperity everywhere'.

Meier and Baldwin have rightly remarked that, "maintaining development is a problem to rich countries, but accelerating development is even more pressing matter for poor nations". Today, as rightly pointed out by Nobel Laureate Amarthya Sen, the study of poverty has become more urgent than the study of Wealth of Nations. Poverty is a curse on humanity, and it can be wiped out through economic development. Development and poverty are trying to encroach each other.
The development of a country is influenced by a number of factors such as availability of resources, population, capital, technology, social and economic infrastructure etc. Infrastructure is a facilitator of development, say in the form of irrigation, electricity, transport, education, health and sanitation etc. Infrastructure, directly and indirectly, affects the economic development of any region.

Infrastructure is very essential for the economic development of a country. Higher the level of infrastructure greater is the rate of growth and vice-versa. Roads, Railways, Water and Airways play their role in infrastructural growth and in economic development.

The transport facility of a country may be described as an engine of development. It is like the arteries of the body. It widens the movement of men and materials from one place to another. The speedy transport can extend the market even for perishable articles beyond the national boundaries. Transport has brought the world closer, making the world a global village.

The liberalization of our economy has brought home the urgency of reorganizing an efficient infrastructure system which is inevitable for enhancing productivity and enabling the country to compete efficiently in the world market. Further, Foreign Direct Investment is attracted by the country which provides efficient infrastructure.
Indian economy is predominantly an agricultural economy and about 70 per cent of the country’s population is living in 6.0 lakh villages spread over the entire country’s geographical area of 33.85 lakh square kilometers. A wide disparity is found in the available infrastructure between the small number of cities and towns and the large number of villages. Even after 63 years of independence the villages are deprived of basic roads and road transport services. Even today, 40 per cent of villages in India have not been connected by any type of roads.

Rural infrastructure is critical for rural India. It brings strong and well recognized linkage between infrastructure on the one hand and economic growth and poverty alleviation on the other. Unlike urban scenario, the rural areas are characterized by scattered population, making conventional networks too expensive and inefficient to be practical. Slow growth of agriculture in rural economy is mainly due to inadequate infrastructure. Hence, rural infrastructure is important not only for the development of rural economy, but also for the nation.

Rural infrastructure in its physical form comprises of roads, electrification, irrigation, drinking water, telecommunication connectivity. Each of these forms an indispensable element for carrying proper and sustainable rural development.
Chapter - 1

Introduction

Road transport plays an anchor role in all round development process of a nation. It diversifies all economic activities, social reorganization and improves the quality of life. But in the process of its multidimensional role, the society and human beings continue to bear with one of the painful negative externalities of road transport operation otherwise termed as road accidents.

The Present Study is related to the Rural Transport Services in Chikmagalur district, which is one of the developing districts in Karnataka state. The present New Economic Policy of Liberalization, Privatization and Globalization has led to drastic changes in the economic environment in the district as well. The policy of encouraging private participation in economic development of the country in general and of the state in particular, necessitated the government of Karnataka to open up more avenues for private operators in transport sector. The experiment of allowing private and cooperative bus operators to ply their buses on the routes, which were earlier meant for the state operation, along with the already existing sanctioned private route permits. Naturally, the implications need to be carefully examined and analyzed. Hence, this study.

1.2. Statement of the Research Problem

Transportation of men and materials from villages is quite inadequate and it is not equal with the needs and size of the population.
Movement of people is mostly by walk and through bullock carts. Bullock carts and space transport are the India's 21st century paradox of development. Inspite of modern technology, scientific growth and excellent achievement at the national level, the benefit derived by villagers is quite meager and inadequate due to lack of transportation. Rural transport system suffered continuous neglect due to inadequate resources, lack of monitoring and management of roads.

The present transport system is contributing to the exploitation of rural areas for the benefit of urban areas. This has to be reversed in favour of rural population. The main cause of this drawback is, poorly maintained roads in rural areas, besides, poverty, unemployment, low levels of living etc. In the light of the above a study of the rural transport services in Chikmagalur district has been found appropriate. In the present study, a review of existing structure, quality and delivery of rural transport services in the district has been made.

1.3. Objectives of the Study

The major objective of the study has been an analysis of the currently existing system of rural transport services in Chikmagalur district of Karnataka state.
However, the specific objectives are:

1. to review and analyse the role of private, public and co-operative transport operators in promoting rural transportation in the district.

2. to compare the quality of service rendered by private and public transport operators in the district.

3. to evaluate the performance of rural transport service in the district.

4. to suggest certain practical remedial measures to the problems identified in the course of the study.

1.4. Hypotheses

Transport and economic development are inter-linked and both sustain each other. The empirical evidence of the developed countries reveals that the transport development preceded their economic development. It is true that development activity in other spheres necessitated significant investment in transport facilities as follow up activity.

The following hypotheses have been set for the study:

1. Rural transport tends to improve employment, education, health and other facilities in the district.

2. The education level and employment in the transport sector are not related to each other.
3. Heavy passenger vehicle operators always prefer to ply their buses in village roads.

4. Passenger road transport services provided by Private, State and Cooperative operators in the district are fairly equally preferred by the users.

1.5. Methodology

Area of Study

The geographical location of the study is Chikmagalur district in Karnataka state. The district lies in the south interior belt of Karnataka state and is comprised of both malnad and semi malnad regions, receiving heavy and scanty rainfall respectively. All the road transport operators, users and the employees are the focus of attention.

Sources of Data

The present study depended both on primary and secondary data. The required primary data were gathered directly from the transport operators and the users surveyed in the district. The secondary data were collected from different published sources.

Sampling Design

In the present study, all the 30 Passenger Transport Operators (PTOs) were interviewed in the district. A total of 300 transport users
chosen at random were interviewed for the purpose of gathering information from the transport users in the district. In gathering primary information from the users, people representing from different walks of life were given due weight at random.

**Analytical Techniques**

The present study has followed analytical and descriptive method for the interpretation of the results.

The data collected through primary investigation were tabulated. Appropriate figures and charts were used in the analysis apart from averages and percentages. The hypotheses set were verified based on the information gathered.

**1.6. Review of Literature**

It is appropriate here to review of literature in transport economics. In the following paragraphs an elaborate review of some works in transport is being carried out. Review of literature throws light on the topic of transport economics.

D. Panduranga Rao (1948), in his work *Trends in Indian Transport System* has discussed the problems and prospects of transport in India. How urbanization is made possible through transport system. He also discussed how investment on transport leads development in many countries in the world.
Govind Balakrishna Deodikar (1949), in his book *A Design for the Layout of Indian Transport and Communication System* has explained the co-ordination of urban and rural transport. He has also explained how the balanced regional development is made possible by efficient and cheap transportation in the country.

Vyankatesh Patankar (1961), in his work *Passenger and Goods Transport Business in Poona* has studied the relationship between growing sizes of cities and the pattern of inter-urban transportation as a business proposition in specific urban areas.

*Roads in Urban Areas* (1966), a study conducted by the Ministry of Transport, London, highlighted the need for planned improvement of urban road system to ensure, free flow of traffic at reasonable speed. It suggests many measures like i) taking urgent action to provide street parking accommodation, ii) constructing secondary means of access to enable goods and service vehicles to load and unload at the nearby stops.

S.K. Choudhury (1967), in his work *Lectures on Transport* has analyzed the economic significance of transport and its role in the movement of men and materials. He compared development and construction of road building in India with other countries. He also explained the strategic role of transport in dual economy like India. The book discussed the road transport in two sections, viz., the growth of road
transport and some of the current problems faced by the road transport. The regulations governing the operation of road transport had been discussed under heading Control and Regulation of Inland Transport. He discussed the employability of road transport in general and motor transport in particular.

Wilfred Owen (1968), in his famous work entitled Distance and Development has analysed the different aspects of transport. He explained the role of wheeled traffics in rural transport such as bicycles, bullock carts, tractors, tillers, jeeps, buses, trucks etc., in carrying goods and people.

N.S. Srinivasan and Y. Suryanarayana (1969), in their study on Urban Travel Characteristics for Comprehensive Transportation Planning of Bangalore published in the Journal of Indian Road Congress made an indepth study on transport planning. The authors adopted house interview technique and 41 zones with homogeneous land-use characteristics. The data collected along with passenger traffic of intercity nature and goods traffic were utilized for traffic projection and distribution.

D.P. Locklin (1972), in his noted book Economics of Transportation has studied the different systems of transport. He explained the significance of improved transportation as how railways and waterways revolutionised the transportation system in general.

David Lowe (1974), in his magnum opus *Cost and Pricing Goods Vehicle Operations* has explained the importance of cost calculation in pricing the transport services. An operator is not calculating cost either before or after it is carried out. There is no way of knowing what price to be charged. He explained that all goods vehicle operators, whether light vans or maximum capacity vehicle operator fix the fare by considering the cost and other aspects.

The World Bank (1976), in its report on *Economic Analysis of Rural Road Project* has studied the economic importance of rural roads project. The report discussed the shortcomings of traditional economic analysis of highway projects.

K.P. Bhatnagar (1977), in his work *Transport in Modern India* has explained the significance of transport and different modes of transport. He also explained the role of railways in economic development comprehensively.
Torn Rallis (1977), in his book *Intercity Transport* has investigated the ancient history of transportation in different parts of the world. He explained the evolution of king road or military road in China, Persia and in Rome.

Binswanger (1978), in his book entitled *Economics of Tractors in South Asia* has looked into the different roles of tractors in development and movement. He discussed the cost and benefit of tractors in agricultural operations and carrying goods and passengers.

Madhoo Pavaskar (1978), in his noted book entitled *Transport* has discussed in detail, the role and development of transport in India. He discussed the role of railways in passenger and freight transfer and also compared its role in suburban and non-suburban traffic in India. The book also discussed the mixed pattern of ownership and management of road transport in India and elsewhere. Also a detailed study is made about the role and development of Water and Air Transport in India.

M.C. Whitby and K.G. Willis (1978), in their famous book *Rural Resource Development* have discussed the crucial role of transport in rural resource development. They have discussed the problems of rural transport i.e., migration from rural to urban areas which brought many serious problems to the countryside. They also explained the role of rural roads and railways in meeting the transport needs of the countryside. They highlighted how the demand for private and public transport has continued to grow, despite the increase in oil price.
Manchanda and Varghese (1979), in their famous book *Road Transport Management* have explained the importance of road transport. They observed that in India average road transport operator is a small man, in many cases having started as a mere cleaner or driver. Modern business methods and practices are unknown to him. They also explained that the quality of ownership gives the initial push and dynamism to the organization, which gives a special character and personality.

R.R. Khan (1980), in his noted book *Transport Management* has discussed the problems and prospects of Transport System in India. He has given a special attention towards road transport in India. He explained the role and present status of rural transport system in India.

K.M. Gwilliam and P.J. Mackie (1981), in their magnum opus *Economics and Transport Policy* have explained how transport policies influenced the economic development of a country. They have discussed in detail the road passenger transport of the U.K. In the U.K. they observed and found that 48 per cent of the population lived in household without car in 1971. As income and care ownership increases the demand for public transport declines in the U.K. These trends reflect an increasing disparity in mobility.

C.A. Nash (1982), in his famous book *Economics of Public Transport* has investigated into many aspects of transport. He explained
how public transport is meeting the transport needs of rural areas. Public transport operation, market for public transport, cost and management of public transport are the other subjects which are discussed in his book.

G.J. Bell, D.A. Blackledge and P.J. Bowen (1983), in their noted work *The Economics and Planning of Transport* have explained the importance of planned transport in the economic development of a country. They discussed about economic function of transport, demand and supply and pricing policy of transport.

B. Jayarama Bhat (1987), in his Doctoral dissertation studied the different aspects of road transport and rural development in Dakshina Kannada district in Karnataka State.

S.K. Arora (1987), in his noted book *Economics of Management in Road Transport Industry* has verified different aspects of transport. He explained how transport removes the barriers of physical separation of different regions, thereby creating time and place utilities. Further, he explained how transport changes our attitude and awareness. He also focused on various managerial aspects of transport in an economy.

Wilfred Owen (1987), in his famous book *Transport and World Development* has investigated into many aspects of transport. He compares the changes and advancement in transport of 20th century which
began with horse and carriage and it had extending up to space. The new mobility removed national boundaries and has points out that how inadequate transport facilities act as major bottlenecks to the socio-economic development of these countries.

D. Panduranga Rao (1989), in his edited volume, *Dimensions of Rural Transportation* discussed the various problems related to transport. In addition, topics such as technology and road construction, district-wise master plan for rural road development etc., are extensively discussed. A case study in Kurnool district of Andhra Pradesh, explained how the rural mass are free in search of employment, income, education, health facilities etc., due to good transportation.

Rajguru Agarkar (1989), in his work *Regional Transport Development in India* has verified the importance of transportation in economic development. His case study of Rathnagiri and Sindhudurga of Maharashtra explains the role of transport in economic development.

Manohar Lal (1989), in his magnum opus *Rural Roads and Socio-economic Development*, has explained the crucial role played by the rural roads in promoting economic, social and cultural development of a region.

V.S. Mahajan (1991), in his *Transport Planning, Policy and Development* has discussed the various problems related to transport, in
addition to topics such as Transport and Economic Development, Transport Challenge and Limitations, Rail-Road Traffics, Rural Roads, Shipping Transport and Road and Road Transport.

K. Manirathna Naidu (1991), in his work entitled *Rural Economy through Transport* has explained the role of transport in the development of rural economy, by taking the case study of Kurnool district of Andhra Pradesh. Here, the impact of transport on the transformation of rural economy in backward and drought prone district were explained. He also explained the impact of bus transport on education, increase in income, movement of villagers and the problems of transport in the villages.

Kenneth. J. Button (1993), in his work entitled, *Transport Economics* has touched different dimensions of Transport. He explained the importance of different modes of transport.

*Road Goods Transport Industry in India* (1994), a study conducted by the Central Institute of Road Transport, Pune highlighted the historical perspective of road goods transport in India. The road goods transport in India has suffered severely through loss on account of accidents, higher fuel consumption and greater wear and tear of vehicles, parts and tyres due to poor quality of roads. It suggests many measures and the following points need urgent attention i) petroleum products will continue to be scarce and costly. The fuel efficiency committee of the
Government of India, should fix the norms for fuel consumption in consultation with vehicle manufacturers, ii) Vehicle manufacturers should ensure that their authorized dealers should provide adequate parking, workshop facilities, iii) there is a need to improve the availability of genuine spare parts and to prevent the manufacture of spurious parts.

S.K. Modak (1995), in his noted book *Indian Road Transport* has verified different aspects of transport. He explained the nature and scope of the study of Indian Road Transport. He explained the role of goods vehicles in carrying the goods from and into rural areas.

Y.P. Anand and J.P. Mittal (1996), in their book entitled *Non-motorized Transport in India* have verified and explained the role of non-motorized transport in India. They have explained how human energy and animal powered modes are used in large in India in general and in rural areas in particular.

M.V. Srinivasa Gowda (1997), in his edited volume *Infrastructure Development for Economic Growth* has discussed the general economic infrastructure, their role, constraints and prospects.

J. Made Gowda (1997), in his edited volume *Road Network-A Critical Look* has discussed the various problems related to road network. He explained the role of roads in rural economy. Many villages in the country are not connected through any roads. The villagers have to walk
number of kilometers from their village to reach roads and travel in motor vehicles, head loading and back loading are the predominant ways of moving goods in rural India and still they are isolated from other parts of the country. He explained the lack of fund, uniformity and coordination of several organization in construction and maintenance of roads.

P.C. Tripathi (1998), in his famous book *Rural Transport and Economic Development* has verified the importance of rural transportation in rural development. He explained the rural transport needs, features and special role of road and railway in rural development.

J. Made Gowda (2000), in his famous work entitled *Performance Evaluation of SRTCs in India* has analyzed different aspects of State Road Transport Corporations in India and how road transport links remote hinterlands with growing cities and towns. The book also lays emphasis on the twin aspects of investment and profitability and how investment pattern influences both the cost and revenue. A brief profile of passenger road transport in India is presented in the first part of the book. The profile of KSRTC is made in the second part and analyzed the investment pattern, operating cost, profitability and role of Government in managerial, financial and operational aspects.

M.K. Thomas (2000), in his famous book *Public Sector Bus Transport in India in the New Millennium* discussed the role of various
transport modes in India. He explained the growth of Indian railways and its contribution to Indian economy. He also explained the importance of road transport in India, a special study is made about Public Sector Bus Transport in India.


B. Jayarama Bhat and Shama Sundar (2001), on *Road Traffic Accidents in India-An Analysis* vividly described the extent, causes and effects of road accidents in India and made some valuable suggestions to control road accidents and thereby promote road safety in India, in general.


The above review of literature on transport economics gives a picture of varied dimensions of the subject. However, the study is only a birds eye view on the subject. The researcher feels that this review is not fully exhaustive in itself, and a gap is obvious. The present study can be considered an attempt to bridge the gap between the research need and the research efforts made so far.
1.7. Contemporary Relevance and Limitations of the Study

The survey of literature indicates that, only a few studies are made at the regional level. No such study with respect to transportation is found in the district of Chikmagalur. In view of the dearth of such micro level studies, the present study assumes importance and relevance. Moreover, the topography of the study area is not conducive for easy transportation. A study of the transportation and providing some practical suggestions to overcome the problems identified assumes relevance. Added to this, the findings and the suggestions of the study can be used by the planners and administrators to effect necessary changes in the system, thereby contribute to the district development in general.

However, the present study, being a micro level one, has its own limitations of region-specific and issue-specific. Keeping the resources and time at the Researcher’s disposal and the size of the Thesis in view, such a limitation is thought permissible.

1.8. Chapter Scheme

The following is the chapter scheme of the present study. The Thesis is presented in six chapters. The First chapter along with an introduction, points out the research issues, objectives of the study, scope and relevance, hypotheses, methodology, plan of the Thesis. A fairly elaborative review of the literature is also attempted at in this chapter.
Chapter - 1

Introduction

The Second Chapter discusses the meaning and definitions of Growth, Development and Transport. A brief profile of transport network in India is presented in this chapter along with social and political significance of transport. A brief transport profile of Karnataka State is also made in this Chapter.

The Third Chapter is devoted to an analysis of Rural Transportation and its Ownership in India. This chapter throws light on rural transport, its needs, characteristics, modes and its growth. Further, growth of rural roads in India and rural transport ownership-private, public, cooperative, hired and owned operations are being dealt with.

The Fourth Chapter, Rural Transport System and services in Chikmagalur district, is split into two parts. Part-A presents the profile of the Chikmagalur district and Part-B deals with rural transport services in the district.

The Results of the Study are discussed at length in the Fifth Chapter, where the views of the transport operators i.e., HPVs, LPVs, HGVs and the LGVs operators, the users, the employees and the transport authorities are analyzed separately.

The Sixth Chapter presents a brief Summary of Research Findings and the Suggestions for improving the Rural Transport System in the district followed by the suggestions for further research and a formal conclusion.