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Social Impact of Globalising Transport Services: The Case of India

Prof. Arpita Mukherjee





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Transport Sector in India

- One of the fastest growing developing country
- Through forward and backward linkages, transport facilitates
 - Economic growth
 - Trade
 - FDI inflows
 - Global competitiveness of goods and services
 - Accessibility and connectivity
 - Employment
- To sustain economic growth of 7-8% on an average, transport demand will grow at 10% annually
- Logistic market will reach US\$125 billion in 2010
- Unsaturated market – huge investment requirement





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Liberalising Transport Services

- From closed to an open economy in the 1990s
- Demand for transport increased manifolds
- Transport liberalisation was an integral part of the overall reform
- Key features of reforms
 - Social sector to an economic sector, government as a facilitator
 - Cautious approach - phased process
 - Encourage FDI, different PPP models, user charges, fiscal incentives
- Impacts
 - Structural changes and modernisation
 - Improvement in self-financing capacity of the sector
 - From fragmentation to consolidation





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Social Impact

- Better connectivity
 - Increases income, reduces wastage
- Increased access to social sector, basic facilities
- Increase in productivity and efficiency
- Reduction in time and cost
- Employment generation in private sector, increase in skill levels
- Development of local industries
- Better handling of emergency





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The Way Forward

- Demand for transport is rising – speed up infrastructure projects
- Regional disparity and poor maintenance – focus on less wealthy states and innovative method of raising funds for maintenance
- Inefficiency persists and high logistic costs – integrated planning, regulatory and administrative reforms
- Skill shortage - work with private sector for skill development
- India is impacted by the global slowdown – investment in transport can help the economy to recover
 - Stimulus package and role of the new government





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Thank You

