Social Impact of Globalising Transport Services: The Case of India

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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
Liberalising Transport Services

• From closed to an open economy in the 1990s
• Demand for transport increased manifold
• 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
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
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
Thank You