

# Transport



*Role of Transport in Economic Development*  
*Part B*

# Role of Transport in Economic Development

- ❖ *To increase the pace of economic development, adequate and effective transport service is always considered essential*
- ❖ *There are two opinions on the role of transport in economic development*

- ❖ According to *one opinion* development of *social overheads* including transport *should precede the growth* of other *economic activities* instead of following the same
- ❖ The reasoning *behind this* opinion is that once the *overhead capacity* is created in *transport*, it generates *external economies*, which *reduce the cost of production* of goods and *their utilisation* in other economic activities

- ❖ This serves as a *powerful means* for *exploiting unutilised resources*, which would otherwise have *remained unused* for want of *infrastructural facilities*
- ❖ The other view is that *transport and other infrastructural facilities* should be built only in *response to bottlenecks and capacity shortages*

❖ *The justification for this view is based on the uncertainty associated with long-term investment which is very large in the case of social overheads*

# Components of Transport Demand

- ❖ Transport has *two components* of demand viz., *freight and passenger traffic*
- ❖ *The freight portion is directly connected* with the level of *economic activity and development needs*, and has always *received greater attention in planning priorities*

- ❖ But the *need of passenger transportation* cannot be *ignored*
- ❖ *Passenger traffic*, particularly the *journey to and from work and business*: travel is *as essential to development and maximisation of production* as freight traffic
- ❖ It is *incorrect* to label *non-work passenger journeys* as *socially wasteful*

- ❖ In a *developing country* like ours, *travel undertaken by people in cities and on intercity routes* is linked with *essential social needs* such as *visits to families, educational institutions, religious centres* etc.
- ❖ A *transport system* must concern itself with the *rural sector*, which accounts for *77 percent* of the total population of our country

- ❖ No doubt, *transport requirements* for development of the *nation's productive potential* should receive priority
- ❖ In formulation of *transport policy*, which ensures *internal consistency*, in development planning, *it is necessary to pay proper attention to transport needs* of the *rural* areas together with *inter-urban* and *intra-urban* passenger travel

Thank You