

# SECTOR IN FOCUS

## Employment Potential of the Road Transport Sector



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The transport sector in India is diverse consisting of the land transport, water transport and air transport. The employment potential of the transport sector is however mainly concentrated in the

land transport and in particular the roadways. The employment scenario of the transport sector may be ascertained from the data emerging from Table-1.

**Table-1: Distribution (per 1000) of Usually Working Persons by Industry of Work**

NIC 2008 codes & their description	Male	Female	Persons
<b>I. Two Digit</b>			
49 Land transport and transport via pipelines	505	12	369
50 Water transport	4	0	3
51 Air transport	2	0	2
52 Warehousing and support activities for transportation	26	5	20
53 Postal and courier activities	16	5	13
<b>NIC Division-H Transportation &amp; Storage</b>	<b>553</b>	<b>22</b>	<b>506</b>
<b>II. Four Digit NIC description of land transport</b>			
4911 - passenger rail transport	24	3	19
4912-freight rail transport	4	0	3
4921- Urban or suburban passenger land Transport	69	2	50
4922-other passenger land transport (pvt services)	222	2	16
4923-freight transport by road	185	5	135

Source: NSSO Employment-Unemployment Survey 2011-12.

Note: National Industries Classification

In the National Industries Classification, 2008 transport sector is clubbed along with the storage sector. Hence in Table-1 Section –I shows the employment at the two-digit NIC classification of the transport & storage sector. In Section-II the sectors where employment in the transport sector is taking place is shown at four digit NIC code to get a clear idea of the employment generating sectors. The overall workforce participation rate in the transport and storage sector was 506 per 10000 in 2011-12 or 5.06 percent of the total workforce. Of this it is the land transport which is the major employment generator at 3.69 percent. The proportion of women in the transport and storage sector is less than one percent of the total workforce. Further among the dif-

ferent modes of transport it is the land transport that contributes to employment while the share of the other two modes of transport i.e. water and air is almost insignificant. (Table-1)

In Section-II of Table-1 at the four digit NIC classification it is noticed that the significant employment generators are the road transport as compared to the rail transport. Among road transport the two major generators of employment is the private modes of transport such as taxis, autos etc (NIC Code 4922) and freight transport by road (NIC Code 4923) where the workforce participation rate was 1.62 percent and 1.35 percent respectively in 2011-12.

**Table-2: Gross Value Added by Economic Activity at Constant 2011-12 prices**

(Rupees crore)

Economic Activity	2011-12	2012-13	2013-14
Railways	61210	72249	78940
Road transport	260888	280365	294326
Water transport	7193	7417	7671
Air transport	4454	4192	4444
Services incidental to transport	63573	69153	71771
<b>Transport-Total</b>	<b>397318</b>	<b>433376</b>	<b>457152</b>
GVA-All Sectors	8195546	8599224	9169787
<b>Share of transport sector to GVA</b>	4.8	5.0	5.0
<b>Share of road transport to GVA</b>	3.2	3.3	3.2
<b>Share of road transport to transport sector</b>	65.7	64.7	64.4

Data Source: National Accounts Statistics 2015, Percentage Share author calculation

A look at the contribution of gross value added by the transport sector shows that maximum value added from the sector is generated from road transport, whose share however is seen declining from 65.7 per cent in 2011-12 to 64.4 per cent in 2013-14. The share of the transport sector to the gross value added shows an increase from 4.8 per cent in 2011-12 to 5.0 per cent in 2013-14 of which the major contributor is road transport. Of the share of road transport to value added nearly 47.9 per cent is from the rural areas<sup>1</sup>. Thus among all modes of transport, road transport has a major role both in terms of job creation and contribution to gross value added

Roads & high ways and railways are the two transport

sectors highlighted under the Make in India initiative. Indian Railways is the largest carrier of passenger traffic and the fourth largest rail freight carrier in the world. But within the country it is the road transport that overtakes railways in the movement of freight which is an indicator of the network of road transport in movement of freight across the length and breadth of the country. Despite this the road transport is highly disintegrated and heterogeneous. Apart from the organized public transport system such as buses and metros or trams there are many different types of private road transport such as buses, vans, taxis, auto-rickshaws, tempos, lorries/trucks, cycle rickshaws, bullock carts, pull carts, battery operated vehicles etc which account for bulk

<sup>1</sup> CSO, MOSPI

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of the freight and passenger movement. These set of road transport is largely in the unorganized sector. The owners are single owners or entrepreneurs and mostly family based.

Under the Make in India programme on roads & high ways the focus is on construction of national highways and rural roads under the Prime Minister's Gram Sadak Yojana and Construction of Rural Road Project. The employment potential is therefore mainly for the construction workers engaged in the building of the roads and highways.

But we also need to look at the human manpower behind the wheels on the road. Majority of the freight movement today is by road and carried by private drivers who drive trucks/lorries or vans/tempo. These drivers are largely unorganized; do not have any fixed working hours, benefit of minimum wages, defined rest period or social security coverage etc. Though the Motor Vehicles Act, 1988 defines the hours of work for drivers the unorganized sector drivers remain outside its purview. On the other hand these drivers are penalized under the Motor Vehicles Act, 1988 in the name of violating the various provisions of the Act. Of late the Delhi Government is also planning to impose pollution tax on the truck drivers to contain the high level of air pollution in the capital. They pay the penalties or bribes to evade penalty as to run the vehicles on the road is their livelihood. But it only eats into their margins and right to decent living. Being from the unorganized sector majority are low educated and learn the skill of driving while on the job. The freight that is being transported is a public good but the truck and other freight carriers are being penalized as if they are carrying private goods in their personal interest. Among the causes of road accident identified the fault of the driver stands at 77.5 percent while the other causes such as defect of the vehicle accounted for 1.6 percent, defect in road condition 1.5 percent<sup>2</sup>. A greater proportion of these accidents happen in roads other than national or state highways which indicate that there could be other externalities in the cause of accidents.

We need a change in strategy. Why not tax the automobile manufacturers for not producing pollution com-

pliant vehicles? Why not penalize the wholesalers or contractors or manufacturing units for not using the services of a skilled and certified truck or lorry driver or for overloading? Why not fine the PWD for not keeping the roads in good condition?

Road transport is one of the important employment generating sectors especially in the rural areas and concerted efforts needs to be taken to promote employment in this sector. A policy stand needs to be taken to look at the users of the road i.e the drivers and proper rules for their working, defined wages, social security etc need to be introduced so that more and more youth are attracted to the sector. And to top it all skill development of the drivers is essential to teach them the best practices of safe driving, healthy and pollution free maintenance of vehicles etc.

The currently prevailing Motor Vehicles Act, 1988 only talks of issuing license and registration of motor vehicles, penalties etc. A new legislation viz; the Road Transport and Safety Bill 2015 is being debated which is a much more comprehensive legislation which emphasize on bringing in road safety practices through regulation, which involves extending its authority even to the design of motor vehicles, construction of roads, fuel quality and emission norms etc. This Bill lays down the competency standards that have to be cleared for issue of a driving license which is considered as a welcome move for upgrading the status of the driving profession. We may have qualified and skilled drivers driving passenger and transport vehicles which in turn can reduce the incidence of over speeding, over-loading and better adherence to traffic rules. Respectability to the profession would encourage more youth to choose driving as a profession which in turn would reduce the shortage of skilled drivers in the sector. The Road Transport and Safety Bill 2015 is inclusive of the provisions of the Motor Vehicles Act, 1988 and is set to replace the MV Act after being cleared by the Parliament.

To conclude, road transport is the nerve of the country. Apart from building highways and roads we also need to focus on the betterment of the drivers on these roads who are rendering a public service through their livelihood.

<sup>2</sup> Ministry of Road Transport & Highways, 2011.