

# GDP Impact on Efficiency Gains of Transportation and Distribution of Nascent Informal Sectors in India

K.Ganesamurthy, A.Morarji, M.Naghappa Rajan



**Abstract:** *The transportation and distribution (T&D) of nascent informal sectors, it is important to have a good performance in operations. In order to achieve high performance, it is necessary to know which operational factors are critical for success and which are less important. Only then can management focus attention on those factors that have a strong effect on performance. In The India a large project has been carried out to find these critical operational success factors. The progress in techniques and management principles improves the moving load, delivery speed, service quality, operation costs, the usage of facilities and energy saving. Transportation takes a crucial part in the manipulation of logistic. The objective of study is the impact on GDP from logistics savings. To measure efficiency gains of drivers in logistics savings, to study the effect of efficiency gains on nominal GDP. The study is case study method adopted based on secondary data and it is concluded that the GDP impact on efficiency gains of transportation and distribution of nascent informal sectors in India exhibited that customers' final bill remains same; Transport company's profits go up and customer takes away all the savings.*

**Key words:** *Nascent; Gross Domestic Product; transportation; logistics; profit*

## I. INTRODUCTION

A Nascent Entrepreneurs (NI) (or nascent corporate entrepreneur) is an individual in the process of setting up a new venture for his or her employer (Pinchot, 1985). A nascent entrepreneur (NE) is also trying to start a new venture, but does so independently outside the borders of an existing organization. Both NIs and NEs belong to the general group of nascent ventures (NVs). In the Nascent entrepreneurs the transportation and distribution (T&D) of Nascent informal sectors is important to have a good performance in operations. In order to achieve high performance, it is necessary to know which operational factors are critical for success and which are less important. Only then can management focus attention on those factors that have a strong effect on performance. The India a large project has been carried out to find these critical operational success factors. Hence the present study is to cover the impact of efficiency gains through Nascent entrepreneur is transportation and distribution of material as logistic.

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## REVIEW OF LITERATURE

First, and increase in efficiency gains unaccompanied by a rise in demand for goods and services could lead to a fall in prices, and hence of value added in nominal terms. Second, the informal sector activity in areas such as rural housing, roads and toilet construction is not possibly being captured by the data. The net result of these factors is not easy to ascertain. Let's examine the impact from the viewpoint of efficiency gains. Business Line published a few weeks ago ('GST on the Highway', June 4, 2019) the story of a reporter's journey with a truck driver from Chennai to Bhiwandi. He reported reaching the destination in 42.35 hours instead of the four days it would have taken not so long ago.

## II. STATEMENT OF THE PROBLEM

The problem is identify of our research paper is to analyze, and after collection and analyzing the required data try to improve the distribution network efficiency of a growing company, and suggest how to make the material flow smoother more cost efficient. Another requirement is to make it evolutionary for the future as much as can be foreseen with regard to potential growth of the market in India. Hence the present study is to attempt the impact of GDP on Efficiency gains of nascent informal sectors in India.

## III. OBJECTIVES OF THE STUDY

1. To study the impact on GDP from logistics savings.
2. To measure efficiency gains of drivers in logistics savings.
3. To study the effect of efficiency gains on nominal GDP.

## IV. METHODOLOGY

Research methodology is the way of systematically solving a research problem. The researcher acquaints himself with the various steps generally adopted to study a research problem, along with the underlying logic behind them. In the present study, research methodology covers the research design, sample and sampling, method of data collection, framework of analysis.

## V. THE RESEARCH DESIGN OF THE STUDY

In the present study, the descriptive and analytical type research designs have been administered.

Since this research describes the impact of efficiency gains and nascent informal sector activity needs to be understood to decide on GDP, it is descriptive in nature.

**DATA COLLECTION**

The present study is based on secondary data. The major source of data analysed and interpreted in this study related to nascent informal sectors were collected. Apart from this various journals, magazines, text books and articles have been referred to get the relevant information.

**VI. ANALYSIS AND INTERPRETATION**

**Efficiency gains**

The driver saved two days for his owner, and as a bonus, pocketed the petrol he managed to save from the 400-litre allowance he was allowed for the trip. This was confirmed to the writer by an official of a leading transport company, who claimed that it takes 44 hours to reach Madurai from Dharuhera (Haryana) these days instead of the four days previously, carrying cars. Only 15 per cent of potential savings have come from the GST so far; the balance has come from better roads and better driver crews who operate as a team. Let’s construct (with some leniency in calculations) the effect of such savings on the nominal GDP in different scenarios. The volume of final services has not gone down, but the nominal GDP has fallen sharply. If the final price remains due to market demand and supply, the GDP will remain the same. If the consumer pays less, the nominal GDP will fall due to the efficiency gains, unless there is a 50 per cent increase in other economic activities to absorb the truck and the driver’s time (unlikely), or we start measuring the value of the driver’s leisure as equivalent to the value of wages. The effect of improved efficiencies on the nominal GDP is hence paradoxical, but true. That’s the exact reason (but contrarian effect) why big earthquakes and natural disasters are big boosters for GDP growth.

**Reconciling the two**

India’s new nominal a real growth rate of 7 per cent, looks plausible. But there has been a drop in the exports in the last five years of some commodities, such as rice, raw cotton, meat and oil cakes; construction activities have been hit, the

GST and demonetization have hit some cash-dependent or tax-evading activities, and dumping by China has clipped the growth in the steel and tyre industry. These may have been made good by growth in insurance services in rural areas, banking services through Jan Dhan, massive spread of LED bulbs and the construction of toilets on a massive scale. They may have compensated for the decline in other areas, and hence the government’s stance of 7 per cent real growth cannot be dismissed. Revisions in the GDP calculation approach takes years, and they lag changes in the structure of the economy by a considerable time. Hence, it is quite likely that many new sources of growth are not being captured properly. Likewise, without these services in the estimate samples, the ex-CEA’s estimates may well be true. But real joker in the pack may be the efficiency gains in the economy.

The last few years have seen significant gains in several areas. LED bulbs have grown rapidly saving huge amounts of electricity. Industries have also invested significantly in energy and utility savings. Banking has gone largely digital – as have airline and railway tickets – cutting down on long queues and wasted time. Solar energy has largely eliminated the operational expenditure component in energy generation. This has led to vastly reduced levels of consumption of fossil fuel. Digital books vastly reduces the consumption of paper; Netflix reduces trips to the theatre.

**Nominal impact**

As illustrated in the table, such efficiency gains have a dampening effect on the nominal GDP, unless the productivity increases is offset by rise in demand. It is possible that the impact of productivity gains, in the form of a lower capital output ratio is positive on the real GDP, but not on the nominal GDP in the short run. The impact from reduction in corruption is another factor to contend with on the demand side. DBT reaches the beneficiaries without leakage alright; but they have also taken away the jobs of several intermediaries and fixers. This has contributed to the loss of several layers of jobs, even as it resulted in convenience, reduced costs, and saved loads of time for beneficiaries. With the impact from the above factors, the GDP may have fallen as contended by the ex-CEA.

**IMPACT ON GDP FROM LOGISTICS SAVINGS (of the reported case)**

		Before	After		
		1	2	3	4
Scenario			Transport company’s profits go up	Customer takes the savings	Customer takes away all the savings
Petrol (assumed for illustration)	Ltr	400	300	300	300
Lorry Hire (days)	Days	4	2	2	2
Driver gets paid for (days)	Days	4	2	2	2
Driver’s bonus		NIL	Petrol savings of 100 litres (assumed)		NIL
Petrol price	Rs/Ltr	70	70	70	70



Driver's wage rate	Rs/day	1,200	1,200	1,200	1,200
Lorry hire rate	Rs/day	5,000	5,000	5,000	5,000
<b>Composition of GDP</b>					
Petrol	Rs	28,000	21,000	21,000	21,000
Wages to drivers	Rs	4,800	2,400	2,400	2,400
Bonus to driver from savings	Rs	-	7,000	7,000	-
Lorry hire	Rs	20,000	10,000	10,000	10,000
Profits to transport company (say)	Rs	20,000	32,400	20,000	20,000
GDP (price paid by customer)	Rs	72,800	72,800	60,400	53,400
Fall in GDP		-	0	-12,400	-19,400
Fall in GDP (in %)		-	0	-17	-27

Source: Business line, published on July 2019.

The above table revealed that the petrol assumed 400 liters transporting from one place to another the charges of lorry hire for four days, driver gets amount for four days, the petrol price average 70 per litter and drive wages rate per day Rs.1200 and lorry hire rate per day 5000. The composition of GDP the petrol Rs.28000, wages to drivers 4800 and lorry hire Rs.20000. Therefore the profit to transport company as nascent entrepreneur Rs.20000 and impact of GDP Rs.72800, it is paid by customers. The petrol assumed 300 liters transporting from one place to another the charges of lorry hire for two days, driver gets amount for two days, the petrol price average 70 per litter and drive wages rate per day Rs.1200 and lorry hire rate per day 5000. The composition of GDP the petrol Rs.21000, wages to drivers 2400 and lorry hire Rs.10000. Therefore the profit to transport company as nascent entrepreneur Rs.32400 and impact of GDP Rs.72800, it is paid by customers. The petrol assumed 300 liters transporting from one place to another the charges of lorry hire for two days, driver gets amount for two days, the petrol price average 70 per litter and drive wages rate per day Rs.1200 and lorry hire rate per day 5000. The composition of GDP the petrol Rs.21000, wages to drivers 2400 and lorry hire Rs.10000. Therefore the profit to transport company as nascent entrepreneur Rs.20000 and impact of GDP Rs.60400, it is paid by customers, GDP fall

in Rs.-12400. The petrol assumed 300 liters transporting from one place to another the charges of lorry hire for two days, driver gets amount for two days, the petrol price average 70 per litter and drive wages rate per day Rs.1200 and lorry hire rate per day 5000. The composition of GDP the petrol Rs.21000, wages to drivers 2400 and lorry hire Rs.10000. Therefore the profit to transport company as nascent entrepreneur Rs.20000 and impact of GDP Rs.53400, it is paid by customers, GDP fall in Rs.-19400.

**VII. CONCLUSION**

The study is concluded that the GDP impact on efficiency gains of transportation and distribution of nascent informal sectors in India exhibited that customers' final bill remains

same; Transport company's profits go up and customer takes away all the savings.

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