

# THE TRANSPORT BOTTLENECK

*By*  
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**FORUM OF FREE ENTERPRISE**

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## 1—Another Tragic Tale?

By **A. D. SHROFF**

"We are neither omniscient nor infallible, nor are we so rigidly wedded to any course of action as not to alter it if it becomes apparent to us that we are mistaken.

"It is for this reason that we continuously welcome the people of India and our friends abroad telling us when and where they think we are going wrong."

**Mr. T. T. KRISHNAMACHARI,**  
Finance Minister, India.

The magnitude of our transport problem has not yet been realised, much less has its ominous portent been understood. Unless after remedying the prevailing alarming shortages, additional transport capacity can be treated in the Second Plan period at a pace faster than the increase in industrial and agricultural output, the whole plan, particularly in the private sector, may be wrecked through lack of transport.

Let us look at the facts. In the first quarter of 1954, outstanding registration of wagon indents amounted on an average to more than 150,000 on the last day of each month, against daily average loadings of less than 22,000 wagons, so that traffic not given special priority had sometimes to wait up to three months for wagons. It must be said to the credit of the Railways that they are incessantly endeavouring to increase their capacity. Against 98.1 million tons of traffic lifted in 1953-54, the ton-

nage lifted was 105.8 million in 1954-55 and 115 million in 1955-56. The demand, however, continues to outpace the supply. On July 15, 1955, the outstanding registrations in foodgrains in Jabalpur division alone were 2,458 wagon loads and all-India outstandings on July 31, 1955, were considerably higher than those in 1954.

Throughout 1955-56, although Railways carried the record traffic of 115 million tons, the transport shortage was acute. In April, 1955, railway bookings from Bombay via Poona were closed for two months, and as an inducement to move sulphate of ammonia by road towards Hubli, the Bombay Government had to offer a rebate of Rs. 7-8-0 per ton to indentors. From the latter part of May, goods bookings from Bombay via Nagpur and Bhusaval and also bookings to Delhi remained closed for three weeks. Bookings to Saurashtra were open only at intervals of six to seven weeks. Again in June 1955, two lakh tons of salt accumulated in Saurashtra and some of the small concerns in the industry were threatened with closure of business. Nor were other parts of India more fortunate. The closure of bookings for ten days at Howrah on June 11 was followed by a larger closure later in the month. Simultaneously came the complaint from Madras that inadequacy of wagons had led to "phenomenal" increases in the prices of essential foodgrains and pulses. Towards the end of 1955 the jute industry was also affected acutely, with Calcutta Mills complaining of severe restrictions and often total stoppages of bookings

from the U.P. By the middle of January, 1956, 1,500 wagon-loads of jaggery were bottled up in Kolhapur. More recently transport has been blamed for the rice scarcity in Travancore-Cochin and it has been pointed out that on June 6, 1956, more than 340 wagons indented for, two months previously, for transporting rice to that State were still outstanding at Kuttalam in Tanjore, not to speak of similar unfulfilled indents at Kumbakonam, Koradacheri, Peralam, Sirkali, etc.

The coal and mining industries have been among the worst sufferers. The frequent shortages of gas in Bombay and the inability of the Bombay Gas Company to increase its output for lack of transport are only too well-known. The story of those who raise the coal is more pathetic. In March, 1956, the Indian Coal Merchants' Association, Jamshedpur, said that against 3,600 wagons guaranteed per day, they had received only 3,200 in February. "Industries are starving and are threatened with closure and dislocation and unemployment", added the telegram. Similarly, Orissa mines are faced with a shutdown according to the Utkal Mines and Industrial Association, which stated in March that the Railways could supply only 50 wagons per week against a demand of 700.

No less serious has been the plight of the manganese mine-owners. In March, 1956, they complained of several lakhs of tons of ore being held up at railway siding in M.P. The want of wagons,

has led, in several cases, to breach of the terms of contract. The Railway Board promised 100 wagons daily, but, according to reports in May, the actual supply is only 50 wagons. At the present rate, say the mine-owners, the problem of clearing the existing stocks, let alone that of clearing the new ore raised, will never be solved.

Thus India enters the Second Plan with a wholly inadequate transport system at its disposal. A careful analysis of the targets of the First Plan will show that the transport requirements of that plan were about 35 per cent. higher than those in 1950-51. Against this, the railway capacity increased by only 25 per cent. Hence these acute transport shortages. How then are we going to fare with the Second Plan?

The Planning Commission assesses the additional goods traffic of railways at 60.8 million tons, with coal, steel and cement accounting for 43 million tons and all the rest of the commodities barely 17.8 millions. Adding the 5 million tons of unsatisfied demand at the end of 1955-56 the traffic demand on railways at the commencement of the Plan has been estimated at 120 million tons. This, together with the new traffic of 60.8 million, brings the estimated traffic by 1960-61 to 180.8 million tons according to the Commission. The Commission adds that railway facilities "may fall short of requirements by about 10 per cent, in respect of rolling stock and by about 5 per cent in respect of

line capacity". Therefore according to the Commission, the capacity of railways in 1960-61 will be 181 million tons less 10 per cent. or 163 million tons.

It has been calculated by experts who ought to know that the volume of transport needed for the overall production envisaged in the Second Plan represents a minimum increase of 110 per cent. on the transport available in 1950-51. Therefore, each form of transport requires to be expanded to at least 210 per cent. of the 1950-51 capacity in order to be self-sufficient. As railways carried 92 million tons in 1950-51, their capacity in 1960-61 has to be 193 million tons, while the capacity in 1955-56 ought to have been 124 million tons at 35 per cent. over the pre-Plan capacity. The shortage in 1955-56 was thus 9 million tons and the shortage in 1960-61 will be 30 million tons on this basis.

The provision for Railways in the Second Plan is Rs. 1,125 crores against a sum of Rs. 1,480 crores demanded by them. The provision, representing nearly 25 per cent. of the entire outlay of the Plan in the public sector, is its biggest single item and it exceeds the entire capital invested in the Railways during the past hundred years. The Planning Commission feels the country cannot afford to spend more on railways.

Recent discussions at the Central Advisory Council of Industries indicate that the transport shortage is now likely to be greater than indicated

above. Mr. Lal Bahadur Shastri is reported to have said at the meeting of that Council on June 20 that increases in the production targets for cement and foodgrains were under consideration and the shortage would to that extent be greater. Burma rice and certain quantities of steel and cement are being imported. It would therefore be correct to say that in the Second Plan period the railway shortage will be 36 million tons, which is four times the shortage of the First Plan.

It is not surprising in the light of these facts that Mr. K. C. Neogy, the Member of the Planning Commission in charge of Transport, has characterised the Second Plan as unsound and criticised the lack of correlation between production and transport. It is apprehended, he says, that the contemplated development under the Plan may prove "seriously unmatched by the transport capacity of the railways", and he adds, "Indeed, no production should be undertaken unless it can be transported; or in other words, the extent of available transport facilities should set the limit of production."

The railway bottleneck, it has to be understood affects not merely internal transport but adds to the congestion in our ports, already suffering from inadequate handling capacity. Our ports which handled 20 million tons of goods at the commencement of the First Plan have today a capacity of just 25 million tons and will be able to handle 37½ million tons at the end of the Second Plan. With

this limited capacity, the only hope of satisfying our import-export needs lies in moving the imports out of the dock areas as soon as they arrive. Delay in transporting the imports to their ultimate destinations has so aggravated the congestion at the ports in recent months that our exports have often suffered. For example the most convenient port for much of the manganese ore mined in Madhya Pradesh is Bombay, but port congestion has necessitated diversion of traffic to other ports, causing considerable delay in fulfilling foreign orders.

To sum up, the Second Plan, as it stands today, threatens to founder on the rock of transport. Can factories be fed unless raw materials reach them in time? Can either factories or workers afford to produce goods which cannot reach markets in time? Unless transport facilities can be expanded "pari passu" with, and ahead of, the projected increases in production, India may have to go through the same tragic tale as that enacted in Soviet Russia during its first Five-Year Plan when mountains of goods lay dumped in factory yards while the country suffered from an agonising shortage of these goods.

What then is the solution? How can we, within the financial means at our disposal, save the Second Plan from this threatened collapse?

## II—Possibilities of Motor Traffic

How can India's grave transport problem, which threatens to throw the Second Five-Year Plan out of gear, be solved?

For an answer it is necessary to examine the structure of transport systems in some other countries. Take Australia for instance. Motor transport there carries 26 per cent. of the goods traffic in terms of ton-miles, while railways carry just above 24 per cent., the remainder being practically the share of coastal shipping for which conditions in that country are suitable. What do we find in India on the other hand? Here railways carry 35,000 million ton-miles, motor transport less than about 5,000, and bullock carts approximately 15,000 while the share of water transport is negligible.

In Europe and America today, motor transport has developed to such an extent that the expansion of railways has practically ceased. The relative roles of rail and the road can be seen from the number of motor lorries in each country as compared with its railway mileage. For each mile of railway track, the U.S.A. has 43 motor lorries, France 22, United Kingdom 21, Belgium 20 and Italy 18. In India the number is 3 but, including the truck

equivalent of the 96 lakhs of bullock carts, we can take the number in India per mile of railway as 10 so that road transport here carries only half to one-fourth of what it should.

The reason why India is confronted with a transport shortage is that alternative modes of transport by road and water are not being adequately utilised. In the pre-independence era, the Railways prevented the development of road and water transport. The Government, as owners of railways, concentrated on railways to the detriment of the other modes so that the words "transport" and "railways" become synonymous. Our national Government has agreed that all modes of transport should now be developed. Let us see how far this can be done and how.

Taking coastal shipping first, the cargo handled in 1950-51 by Indian owned shipping was 235 million tons representing just about 2½ per cent. of the railway tonnage. The Planning Commission in the two Five-Year Plans, has provided for a total increase of about 95 per cent. in the tonnage of coastal ships. True, this represents only a 15 per cent. deficiency on our additional requirement, which is 110 per cent. in each mode of transport, but what is the optimum extent to which expansion is possible? We can here be guided by the relative route lengths of rail and coastal shipping. If the railway system of about 35,000 miles can carry 165 million tons, it can be argued that with a coastline of 4,000 miles

we should be able to carry about 19 million tons in coastal **ships**. Since ports and harbours are far fewer than terminal railway stations, an expansion of this magnitude may not be immediately feasible. There is no reason, however, why half of this volume, or  $9\frac{1}{2}$  million tons, should not be handled against the  $4\frac{1}{2}$  million tons under the Planning Commission's proposals. This can relieve our overall shortage by 5 million tons. In addition relief to the extent of 1 million tons should be possible through increased use of inland water transport, particularly in Eastern India.

Taking bullock carts next, no relief can be expected from this **source** because expansion in this field is likely to fall short of the 110 per cent. increase necessary under the Plan. On the other hand, a portion of the deficit, say 12 per cent., will have to be made good by motor transport.

Lastly, we come to the one form of transport capable of converting our transport shortage into a transport surplus. This is motor transport. If in Australia the volume of motor transport in use exceeds that of rail, why cannot India use it to at least half of the railway capacity? The history of motor transport in India is a story of normal expansion up to 1939 and of deliberate suppression thereafter. So long as it was allowed freedom to serve the community, India's overall transport capacity was more than adequate; the moment it began to be suppressed, transport shortages began to appear.

In 1939, the Government of India as owners of the Indian Railways were alarmed at the possibility of motor transport offering competition to the railways and they passed the Indian Motor Vehicles Act which, with one **stroke** of the pen, confined its operation to small regions stopped all inter-State services and made it difficult for intending operators to obtain permits. Simultaneously additional taxes were heaped from year to year by the Central and State Governments on **motor** vehicles, their accessories and fuel with the result that today the tax incidence alone on a given quantity of goods carried in motor vehicles is sometimes nearly twice the average freight payable for transporting those goods by rail! No transport system weighed down **under** such a heavy load can possibly flourish. The surprise is that it has at all survived.

The third disability on road transport is the unjustifiably low ton-haulage permitted over **roads** and bridges. The tonnage permitted can be increased by at least 100 per cent., and **trailers** used where necessary, without any harm to anyone.

Lastly, there is the constant threat of **nationalisation**. True, the threat has been **postponed** for 5 years according to the Deputy Transport Minister, although Bombay State's acquiescence in the postponement has not yet been announced. However, vehicles have a life much longer than 5 years and is it not unfair to expect private enterprise to invest money in trucks if they may have to be thrown on

the scrap-heap later on?

. Once these difficulties are removed, private capital will flow into the road transport industry and make good the transport shortage without any special effort by Government.

It is to be noted that with a given allocation, a vastly greater tonnage can be moved by road than by rail. For example, the railway allocations in the Second Five-Year Plan appear to work out to not less than Rs. 11 crores for each additional million tons of goods to be carried. Against this, motor truck-trailer combinations operating 40,000 miles per unit annually with a 75 per cent. load factor can carry a million tons 300 miles for about a third of this investment, not only conserving the use of steel and foreign exchange resources but also reducing unemployment on a much bigger scale than railways can ever do.

Let nobody assume that motor transport is unsuitable for long hauls. In case anybody has doubts on the point, it may be interesting to quote the official "Technical Sub-Committee on the Future of Road Transport and Road/Rail Relations" (November 1953). Para 4 (3) of its report says "There was in the past on certain routes substantial diversion of long distance goods traffic to the roads and in the years 1938-40 road rates were advertised for distances up to 1,500 miles which averaged about 12 pies per ton-mile, impelling the railways to resort

to wasteful rate cutting . . . Moreover heavier capacity lorries, technical improvements and more efficient operation may in the future produce similar conditions and regulation will be necessary."

The result of this report was the formulation of a "Code of Principles" by the Railways for road transport under which even today road transport is limited to 75 mile zones in Madhya Pradesh, in order to protect the Railways.

Another frequent question about road transport is in regard to operating costs. It is to be observed here that, while nationalised road transport costs about 6 annas a ton-mile, private operators' rates are often 3 to 4 annas. Against this the railway rates including incidental charges are 20.6 pies for certain raw materials, 21.4 pies for fwd-grains, 23.6 pies for cement, 30.1 pies for sugar and edible oils, 38.2 pies for cotton and aluminium and 40.2 pies for tobacco, piecegoods, etc. True, according to these figures private road transport can now carry only certain commodities at railway rates but the very factors which the railways viewed with alarm, namely, heavier capacity lorries, technical improvements and more efficient operation, can reduce road costs further, once Government decides to give the same encouragement to motor transport as to railways. For example, by permitting truck-trailer combinations, encouraging larger operating units and reducing the present penal taxation, it will be possible for the road to carry many commodities at the same cost as by rail.



Now, assuming that, out of the shortage in rail transport, 6 million tons can be made up by water transport, leaving 30 million tons to be made good by motor vehicles, some 60,000 trucks, part of them heavy ones or with trailers, can fill up this gap "in toto". The total requirements of trucks for the Second Five-Year Plan will then be as under: (1) For 110 per cent. increase in its present field of feeder traffic, 95,000; (2) to supplement bullock carts, 30,000; and (3) to make up the railway gap, 60,000; total 185,000. The truck manufacturing targets of the Second Plan will not meet all these needs, in addition to the needs of replacements and those of bus services. New provisions will, therefore, have to be made for manufacturing or assembling here at least the 90,000 units needed for supplementing railway and bullock cart capacity.

Thus, in a nutshell, the main solution to the transport bottleneck is for Government to remove the handicaps on motor transport. Let it not be supposed here that Government will lose any revenue by reducing the tax incidence. In trebling the number of vehicles, a tax at half the present level will still bring in 50 per cent. more revenue. The other measures necessary, none of which will cost Government anything, are: permission for vehicles to carry optimum loads, permission to use trailers, prompt disposal of applications for permits instead of taking several months to grant them, free issue of permits until three times the present number is reached, withdrawal of restrictions on inter-State

operation and of the "Code of Principles," grant of credit facilities to large operating units in the same way as to industrial concerns and removal of the threat of nationalisation.

The Railways have dictated India's transport policy long enough. Let us hereafter have a revised policy designed to serve national instead of sectional interests. The transport problem may then be expected to solve itself.

It is time that organisations like the Indian Road Transport Development Association and the Forum of Free Enterprise seek to educate public opinion by placing these facts and figures before the public so that it can influence the Government to bring about the necessary changes in policy.

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