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STUDIES IN INDIAN ECONOMICS

EDITED BY

C. N. VAKIL

UNIVERSITY PROFESSOR OF ECONOMICS, BOMBAY

No. 8

STUDIES IN INDIAN ECONOMICS

A series of volumes dealing with the Economic history and problems of Modern India

EDITED BY

C. N. VAKIL

UNIVERSITY PROFESSOR OF ECONOMICS, BOMBAY

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**RAILWAY RATES
IN RELATION TO TRADE & INDUSTRY
IN INDIA**

BY

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R. D. TIWARI.

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EDITOR'S PREFACE

The important part played by the railways in the economic development of this country is well-known. The fact that railways in India constitute a great national industry, and that they have an important connection both with the financial and the industrial policy of the country is, however, not fully appreciated. Though occasionally problems relating to railways attract some attention, a systematic study of railways and their problems is not made. The subject of transport either occupies a subordinate position or often no position in the syllabuses of Indian Universities. Even important commercial bodies who are directly interested in the working of railways, find problems such as those of railway rates, a mystery ordinarily to be avoided. Due to this apathy towards railway problems both among the educated and the commercial public, railway administration in this country has not found that corrective, which enlightened public opinion provides in other countries. In fact the effect has been so stupefying on railway administrations, that it is not unnatural to find some of them considering railway problems such a close preserve, that the entry of the outsider shall be barred. As an illustration of this unfortunate tendency we may point out the fact, which would be unbelievable if it did not occur, that the authorities of the G. I. P. Railway refused access to their published tariffs, for the purposes of comparative study, required for *bona fide* research.

Some interest has been aroused in more recent times in railway problems, chiefly in connection with changes to be introduced under the new constitution. The provision for a Statutory Railway Authority in the Constitution Act opened the eyes of the public in India to this important national industry, the administrative control of which was thus being taken away from the future Federal Assembly. It was only then understood that the Railway Authority of the future will have the control of finances as large in the aggregate as those of the general budget of the Central Government. Though the railway budget was separated from the general budget in 1924, the importance of railway finance, and therefore, of railway policy was not fully

grasped, till this innovation of a Statutory Railway Authority was suddenly sprung on the Indian public.

Additional interest in railway problems grew when it was emphasised by Sir Otto Neimeyer that the financial position both of the Provinces and of the Central Government under the new constitution depended on the improvement of railway finance, which has been involved in large deficits in recent years. Following this recommendation the Government of India have appointed an expert committee to go into the question.

Though railway problems have thus attracted some attention in the country chiefly due to financial difficulties, adequate attention has not yet been paid to the question of co-ordinating the railway policy with the general economic policy of the country. Since 1924, we have adopted the policy of Discriminating Protection, and it is in the fitness of things to expect that the railway policy should be such that it may help the growth of industries. The reports of the Tariff Board are full of complaints regarding the unfortunate tendency of Indian railways in this connection, which may often undo the effect of protective measures passed by the Indian Legislature. Unless effective steps are taken to ensure that the railway rates policy shall be based primarily, in the interest of Indian trade and industry, we may find serious difficulties in our economic progress.

The literature on railway rates is very limited. With the exception of Mr. Ghosh's monograph on this subject there is no other important work which those interested may refer to. Mr. Ghosh's volume was published in 1918; besides being out of date, it does not try to co-ordinate railway rates with the needs of Indian trade and industry. In view of this the present volume is the first systematic attempt to study the intricacies of railway rates as they affect the movement of goods in this country. The treatment followed by Mr. Tiwari is to survey these effects with reference to a few selected articles of trade, because the effects vary according to the nature of the commodities. He has succeeded in establishing the conclusion that the railways follow an individualistic policy to the utter neglect of trade and industry in this country, and that a national policy to control and co-ordinate railway rates consistent with the economic interests of the country should be established without further delay.

PREFACE

vii

This work was submitted in its original form as a thesis for the M.A. degree of this University in 1933, for which it was approved. The work has been considerably revised and abridged before publication. It may be pointed out that the statistics used in the volume refer in some cases to earlier years. Wherever possible later data and information have been given.

School of Economics and Sociology, }
University of Bombay }
15th January, 1937.

C. N. VAKIL.

CONTENTS

	Page
EDITOR'S PREFACE	v
CHAPTER I	
THEORETICAL BASIS OF RATES AND FARES	1

Railroad operation is subject to decreasing costs. Exceptional rates inherent in the nature of railroad operation. Is railway industry essentially one of joint costs? The cost of service principle. Objections: Absence of perfect competition. Cost, impracticable as the sole basis of railway charges. Value of service principle. Value supplements the cost basis. Ability to bear the transport charges. Limitations of the value of service principle. The problem of reasonableness of the rates charged. Criteria of reasonableness as applied on the American railroads. Criteria of reasonableness as applied on British railroads. Conclusion.

CHAPTER II

COTTON: RAW COTTON EXPORTS	37
----------------------------	----

Classification of cotton in railway tariffs. Importance of different railways as carriers of raw cotton. Rates on the G. I. P. Railway. Mr. Ghose's criticism of the policy. Rates on the B. B. & C. I. Railway. Relative position in the pre-war period. Rates on the N. W. Railway. Current rates compared with those in 1917.

THE COTTON INDUSTRY

Bombay cotton mills: rates on piece goods from Bombay. Pre-war rates compared. Ahmedabad Cotton mills: rates on raw cotton. Rates on mill stores. Rates on piece goods. Sholapur cotton mills: rates on raw cotton. Rates on mill stores. Rates on mill stores to Sholapur and Ahmedabad compared. Rates on piece goods from Sholapur. Nagpur cotton mills: Rates on raw cotton. Rates on mill stores. Rates on piece goods: Pre-war. Preferential rates. Increase in rates and the incidence on traffic. Cawnpore

cotton mills : rates on raw cotton. Rates on mill stores.
Rates on piece goods. Conclusion.

CHAPTER III

WOOLLEN INDUSTRY

88

Basis of railway rates. Analytical study of railway rates policy. Cawnpore mills : rates on raw wool. Rates on auxiliary raw materials. Rates on finished products. Need for lower rates on blankets at O. R. Dhariwal Woollen mills : rates on wool and rates on stores. Rates on piece goods. Baroda : Rates on raw materials. Rates related to prices. Rates on auxiliary raw materials. Rates on finished products. Bombay woollen mills : rates on raw wool. Rates on piece goods and blankets. Port competition. Bangalore woollen mills : rates on auxiliary raw materials. Rates on piece goods. Transport drawbacks of location analysed. Cottage manufacturers : Blankets, Carpets. Transport position of woollen mills recapitulated. Suggestions.

CHAPTER IV

CEMENT

122

Evolution of the Indian cement industry. Its organisation with reference to transport : The C. P. group of factories. The Kathiawar group of factories. Bundi Portland Cement Co. The Gwalior Cement Co. The Punjab Portland Cement Co. The Shahabad Cement Co. The Son Valley Portland Cement Co. Marketing of Indian Cement. The era of competition. Freight paid by the C. P. group of factories. Kathiawar group of factories : freight on cement. Internal and external competition. Rates on cement from Bundi. Position summarised. Remedy proposed by the Tariff Board. Bounty suggested. The marketing of cement after 1925. The Cement Marketing Company of India. Railway tariffs examined. Factories outside the Pool. Efficiency resulting from re-organisation. Growth in consumption. Summary of conclusions.

CHAPTER V

COAL

160

Importance of coal transport in India. Railway rates in the pre-war period. Substantial reduction in rates on long distance traffic. Rise in prices restricted the demand for coal. Loss of confidence in the Bengal coal. Enhancement in rates, growth in tonnage and earnings, Inadequate railway facilities restrict growth. Railway receipts from coal traffic analysed. Post-war position of the coal industry. Enhancement in railway rates. Inadequate railway facilities. An embargo on coal. Progress from 1920 to 1925. The analysis of railway traffic and receipts. The Indian Coal Committee. The Indian Coal grading Board. Increase in wagons and their efficient utilisation. Public demand for reduction in rates. Reduction in rates offered in 1926. Their effects on coal traffic. Demand for further reductions. Further reduction in rates. Present position of the industry. The surcharge on coal freight. Suggestions.

CHAPTER VI

SUGAR

201

Railway rates policy. Basis of railway rates on sugar. The basis of rates charged on jagree and molasses. The basis of rates on sugarcane. Railway rates in the pre-war period. Current railway rates. Calcutta port: Calcutta market. Markets in the factory zone. Conclusions. Bombay Port. Rates charged by the G. I. P. Railway. The pre-war and current rates on the B. B. & C. I. Railway compared. The hinterland of Karachi Port: Rates from Karachi. Current rates compared with those of 1917. Summary of conclusions.

CHAPTER VII

WHEAT AND WHEAT-FLOUR

245

Wheat production in India. Relative significance of exports. World supply regulates the price of Indian wheat. Marketing peculiarities stated. Railway traffic

	Page
<p>analysed. Railway classification. Current rates on the N. W. Railway. Pre-war rates compared. The higher incidence of rates on internal traffic. Rates on the E. I. Railway during the year 1932. Rates on E. I. Railway and N. W. Railway compared. Relative position of pre-war and current rates. Rates on the O. R. R. Section. Rates on the N. W. Railway to Howrah. Rates on the G. I. P. Railway. Preferential rates. Pre-war rates compared. Higher level of rates on the G. I. P. Railway. Rates on the B. B. & C. I. Railway. Pre-war rates, Current rates to internal centres. Flour-milling industry. Tariff protection. Indian flour-milling industry. Railway rates analysed. Schedule rates. Station-to-station rates. Higher level of rates. Conclusions.</p>	
CHAPTER VIII	
PAPER	283
<p>Importance and scope of the study. The structure of Indian paper industry before 1925. The Titaghur Paper Mills. The Bengal Paper Mill Company. The Indian Paper Pulp Company. The Upper India Couper Paper Mills. The Deccan Paper Mills. Detailed analysis of primary raw materials and transport costs. The cost of sabai grass and bamboo compared. Present position of the industry. Present position of railway rates on raw materials. Basis of rates on grass and rags. Rates on the raw materials consumed by the Bengal group of mills, the Upper India Couper Mills and the Deccan Paper Mills. Rates on paper consumed in the country. Summary of conclusions.</p>	
CHAPTER IX	
THE NEED FOR A NATIONAL POLICY	324
<p>Individualistic policy. Competition between railways, Different Gauges. Absence of Rate Regulation. A National Rates Policy.</p>	
INDEX.	331

INDEX

(The letter n after a figure denotes footnote).

- Acworth Committee Report, 171, 172n, 177.
- Acworth, Sir William, 1n, 2n, 6-7, 21n, 24n.
- Associated Chamber of Commerce, 180.
- Bengal Paper Mill Company, 187-88, 295-96, 308-9, 318-19.
- Capital, 125n.
- Carey, Sir W., 294n, 317.
- Cement industry: Bundi Portland Cement Company, 128-29; Cement Marketing Company of India, 146; C. P. group of factories, 124-25; efficiency resulting from reorganisation, 156-57; evolution of cement industry 122-23; Gwalior Cement Company 129-30; marketing of cement, 132-43; organisation of the industry, 123-32; Punjab Portland Cement Company, 130; railway tariffs analysed, 142-56; remedy proposed by the Tariff Board, 143-45; Shahabad Cement Company, 130-31; Sone Valley Portland Cement Company, 131-32.
- Cement Marketing Company of India, 146.
- Coal-fields Committee Report, 171, 173.
- Coal industry: embargo on coal, 178; further reductions in rates in 1929, 180; importance of coal transport, 160-61; inadequate railroad transport facilities, 170, 177; Indian Coal Grading Board 184; introduction of seasonal rates, 186; reduction in rates in 1926, 188; surcharge on coal freight, 194.
- Cost of service principle: Cost, an impracticable basis of railway charges 17-18; cost apparently the most equitable basis of railway freights, 15; cost basis difficult to lay, 16-17; importance of cost basis, 20; perfect competition essential, 15.
- Cotton: railways as carriers of raw cotton, 39-40; rates on the B. B. & C. I. Railway, 45-47; rates on the G. I. P. Railway, 40-45; rates on the N. W. Railway, 47-50; raw cotton classification, 37-39; rates to Ahmedabad, 57-60; rates to Cawnpore, 79-81; rates to Nagpur, 73-75; rates to Sholapur, 64-65.
- Cotton Mills: Ahmedabad mills: organisation, 56-57; rates on mill stores, 60-61; rates on piece-goods, 62-64; rates on raw cotton to Ahmedabad, 57-60. Bombay mills: organisation, 51; rates on piece-goods from Bombay, 52-56. Cawnpore mills: organisation 79; rates on mill stores, 82; rates on piece-goods, 82-83; rates on raw cotton, 79-81. Nagpur mills: organisation, 72; rates on mill stores, 76; rates on piece-goods 76-79; rates on raw cotton, 76-79; Sholapur mills: organisation, 64; rates on mill stores, 66; rates on piece-goods, 67-72; rates on raw cotton, 64-65.
- Dale, Mr., 223n.
- Deccan Paper Mills Company, 291-92 311-13; 231-22.

- Decreasing Costs, 3.
 Dutta's Report, 246, 252n.
 Edgeworth, Prof: 23.
 Fixed charges, 2.
 Geological Survey of India, 173n, 177, 178, 180, 181, 182, 184.
 Ghose, S. C., 41, 43, 162, 163, 165, 169, 210, 212, 213, 241, 248, 250, 251, 259, 266, 269, 271n.
 Hindley, Mr., 177.
 Imperial Economic Committee Report, 252n.
 Indian Coal Committee, 178n, 179, 180, 181, 183.
 Indian Coal Grading Board, 184.
 Indian Fiscal Commission, 4, 90n, 280n, 314n.
 Indian Industrial Commission, 93n.
 Indian Munition Board, 123n.
 Indian Paper Pulp Company, 288-90, 297.
 Indian Trade Journal, 179.
 Industrial Survey of Agra District, 117n.
 Industrial Survey of Mirzapur District, 118n.
 Increasing returns, 3.
 Innes, Sir Charles, 172, 188n.
 Johnson and Von Metre, 18n.
 Joint costs: Classical illustrations of joint costs, 5; Professor. Acworth's views, 6-7; Professor Pigou's views, 11; Professor Ripley's views 8; Professor Taussig's views 6.
 Kale, Professor V. G., 298.
 Marriott, Mr., 1n.
 Marshall, Professor., 8n, 11n.
 Mill, J. S., 5n, 7-8.
 Nabi-Ulla, Mr. 296.
 Operating expenses, 2.
 Paper Industry: Importance of the industry, 183-84. Present position of the industry: basis railway rates on raw materials, 301-303; rates on paper, 314-22; rates on raw materials, 304-13; steady progress of the industry, 299-300. Structure of the industry before 1925: Bengal Paper Mill Company, 287-88; Deccan Paper Mills, 291-93; Indian Paper Pulp Company, 288-90; Titaghur Paper Mills, 184-87; transport costs of primary raw materials, 293-99.
 Pearse, A. S., 73n.
 Peat, Mr., 177.
 Pigou, Professor A. C., 7n, 11, 12n, 13, 19n, 23n.
 Pim, W. M., 117n.
 Quarterly Journal of Economics, 3n, 7n, 17n, 23n, 24n.
 Railway Act, (British), 1921, 25n.
 Railway Board Report, 170n, 171, 249.
 Ramsarandas Lala, Rai Bahadur, 187.
 Reasonableness of rates charged: criteria on American railroads, 33-34; criteria on British railroads, 34-35, determination of reasonable rates 30-33.
 Ripley, Professor., 2n, 3n, 8, 15, 19n, 21n.
 Sayer, W., 224n.
 Shrinivasan, Mr. 31n, 34n.
 Special rates: their theoretical aspects, 3-5.
 Sugar industry: Basis of railway rates, 202-204: basis of rates on jaggree and molasses, 204-209; Bombay port traffic and rates charged, 229-38; current rates to and from Calcutta port, 214-19; hinterland of Karachi port and rates charged, 238-43; rates in the pre-war period, 210-13; rates charged to markets in the factory zone, 219-23.
 Sukkur Barrage, 48.
 Tariff Board (Indian): 53, 55n, 56, 57n, 123n, 124n, 126n, 133, 134n,

- 135n, 136n, 137n, 138n, 139n, 142n, 144n, 145n, 148n, 156, 158n, 160n, 161n, 172, 178, 223n, 224n, 225, 226, 229n, 230n, 240n, 284n, 285n, 286n, 287n, 289n, 290, 291, 292n, 294n, 295, 296, 297, 298, 299, 300, 304, 315, 317.
- Tata, J. N. 72.
- Taussig, Professor F. W.: joint costs in railroad industry, 6; pioneer regions and joint costs, 12; 16; 31.
- Titagur Paper Mills Company: 184-87; 293-95; 304-308; 315-17.
- Townsend, C. A. H., 280n.
- Treharne Rees, 173.
- Upper India Couper Mills: 290-91; 296-97; 310-11; 319-20.
- Vakil, Professor. C. N. 252n.
- Value of service principle: Ability to bear the transport charge, 24; its importance in rate making, 22-23; limitations of the value of service principle 28-30; value as a supplement to the cost basis 23-24; wide discretionary latitude, 25.
- Wheat: Flour-milling industry, 274-81; marketing peculiarities of wheat, 247; production of wheat, 245; railway classification, 251; rates on the B. B. & C. I. Railway, 270-74; rates on the E. I. Railway, 259-65; rates on the G. I. P. Railway, 265-70; rates on the N. W. Railway, 252-59; railway traffic, 249.
- Wilson, Sir James, 250.
- Woollen industry: Bangalore Woollen Mills: rates on auxiliary raw materials, 113-14; rates on piece-goods, 114-16. Baroda Mill: rates on auxiliary raw materials, 104 rates on finished products, 105-106; rates on primary raw materials, 101-104. Bombay Woollen Mills: rates on piece-goods, 107-109; rates on wool, 107; Cawnpore Woollen mills: rates on auxiliary raw materials, 93-94; rates on blankets 95-97; rates on piece-goods, 95; rates on wool, 90-93. Cottage manufactures, 116-19. Dhariwal Woollen Mills: rates on auxiliary raw materials, 99-100; rates on piece-goods, 100; rates on wool, 97-99; Thana Woollen Mills: rates on blankets, 111-12; rates on piece-goods 109-11.