

CHAPTER VI

MARKETING OF JUTE—TRANSPORT

Transport difficulties in villages.

We have explained earlier the difficulties the cultivator has to undergo on account of lack of roads, particularly in areas like Orissa, Bihar and Assam where the roads become impossible during the rains. The cost of transport even by bullock carts from villages to primary markets has increased considerably. Before the War, the cost of transport by bullock carts varied between 2 and 5 pies only per maund mile as against the present rate of 6 pies to 1 anna per maund per mile. Growers repeatedly pointed out to this increase, as one of the biggest handicaps.

Movement to Calcutta.

Before partition, more than 50 per cent. of the raw jute for manufacture as well as for export reached Calcutta by steamer and about 40 per cent. by rail. Assam jute also used to arrive by rail and steamer through East Bengal. The average freight did not exceed Re. -/8/- per maund by steamer and Re. 1/-/- by train. Due to difficulties in movement through Pakistan and the necessity for goods having to be carried over the longer Assam rail link route, the incidence of freight has increased. The pattern of arrivals of jute in Calcutta has also changed.

An attempt has been made to assess the extent to which production of raw jute is affected in normal growing areas on account of lack of adequate transport facilities in the secondary or terminal markets. The I.J.M.A. and the important Associations dealing with the marketing of jute consider the conditions as generally satisfactory. They have however drawn attention to certain local and seasonal difficulties. They as well as the State Governments have stated that in Assam there is a great shortage of transport both by rail and steamer, between July and September, when tea has also to move to Calcutta and is accorded by the Joint Steamer Companies relatively higher priority upto February. Traders at Golpara told the Commission that their business was being diverted to Dhubri because sufficient number of flats was not provided by the steamer companies, and that therefore they

had to bear the extra cost of transport to Dhubri to secure cargo space.

On the question of transport difficulties for raw jute the Railway Board have replied that the existing arrangements for transport of jute over the Eastern and North Eastern Railways are fairly satisfactory and that the despatches have been progressively increasing during the last three years. They do not consider that the jute trade has suffered on account of shortage of wagons or delays in transit but point out that during the peak period there is generally a very heavy demand for wagons, sometimes rising to 7,000 wagons in a few days, which could more conveniently have been spread over a longer period and which is manifestly beyond the capacity of the river ferry and transshipment points at Manihari Ghat, Baghalpur and Mokameh Ghat. They also mentioned that as most of this jute is booked from upcountry upto Cossipore Road the bookings have sometimes to be closed because of limiting conditions at the destination station which were caused by factors beyond the railway's control for the following reasons:

- (1) The jute merchants do not take delivery of their consignments immediately on their receipt in the Cossipore Road Goods Shed. Most of the trade is done through middlemen or brokers who arrange sales of jute consignment after their receipt in the Cossipore Road Goods Shed. This naturally results in delays in taking delivery of consignments.
- (2) The fluctuation in price of jute in the market also results in delays in the sale of jute consignments and consequent delays to the delivery of such consignments.
- (3) The jute market remains closed on Sundays and the merchants do not take delivery of any of the consignments in Cossipore Road Goods Shed on Sundays. This is the only large station at which deliveries of consignments are not taken on Sundays. As a result of this the capacity of the Cossipore Road Goods Shed is further reduced to the extent of about 14 per cent.

- (4) There have been a number of occasions on which the jute merchants dealing with the jute traffic at Cossipore Road Goods Shed have declined to take deliveries on some of the holidays.
- (5) There have also been strikes by merchants on a few occasions during the last 4/5 years for some reason or other resulting in suspension of deliveries for a number of days at a time causing congestion in the Goods Shed as also hold-up of wagons under load and thus reducing the capacity of the Goods Shed for handling such traffic. Consequently the booking of jute to Cossipore Road has to be restricted occasionally.

There has been inflated demands for wagons for booking of jute from Katihar Railway District. For instance, there has been heavy withdrawal and cancellation of registrations in North Bihar and North Bengal jute areas whenever liberal supplies of wagons have been made.

Unlike coal, sugar and sugarcane, the jute trade does not programme its despatches for wagons for jute movement is largely guided by the price prevailing in the Calcutta market which keeps on fluctuating throughout the season. When the prices are high the demand for wagons soars up, and when the prices fall the demand for wagons also declines. There is always a scramble for wagons to catch a high Calcutta market. The arrival of jute from Pakistan plays an important part in the matter.

The North Eastern Railway has got through booking arrangements with the joint steamer companies who ply their vessels between certain riverine stations on the N.E. Railway and Calcutta through Pakistan waters. The sender has the option to choose either of the two routes, viz. (i) All-India rail route, or (ii) rail-cum-river route. Besides, jute is also booked by joint steamer companies to Calcutta direct by the all-water route. The question of lack of co-ordination with steamer companies does not arise".

While appreciating these difficulties we consider that provision of more wagons on the Assam rail link and allotting freight space throughout the season by the I.G.N. and other river transport companies have to be ensured. Such complaints of lack of wagons have been reported in Lakhmipur Kheri (U.P.) and the interior of Purnea and Saharsa Districts (Bihar). A rail connection between Malda and Belur Ghat has been suggested as essential for removing the handicap for growing areas in North Bengal. Lack of sufficient covered wagons has been the complaint from Orissa and the *bimli* growing areas in Andhra. Barring these, the general complaint has been lack of enough transport at the main transshipment centres between the metre gauge system of the North Eastern Railway and the broad gauge system of the Eastern Railway north and south of the Ganges, particularly at places like Manihari, Sakhrigali and Mokhameh Ghats. These are difficulties which can be solved effectively only after the new scheme for a road-rail bridge over the Ganga is implemented.

Improvements suggested.

On the other hand, practically all trade associations connected with jute marketing have mentioned that the present freights whether by rail or river transport, are high, *vide* Tables XIV and XV below:—

High freight rates.

TABLE XIV

Statement showing freight rates for movement by rail of raw jute to Calcutta from certain selected Stations in the jute growing States during 1939-40 and 1952-53.

(Rates are for *kutch*a baled jute)

Station	(1939-40) (Per maund)			(1952-53) (Per maund)		
	Rs.	AS.	PS.	Rs.	AS.	PS.
Silliguri	0	12	4	1	10	6
Purnea	0	10	1	1	3	8
Nowgong	1	0	10	2	14	7
Fakiragram	0	12	10	2	7	10
Vijayanagaram	1	3	1	2	1	6*
Cuttack	0	10	0	1	1	5
Lakhimpur	0	14	1	2	12	9

*The rate quoted is for Shalimar.

TABLE XV

Statement showing freight rates for movement by steamer to Calcutta of raw jute from certain selected stations in the jute growing States during 1939-40 and 1952-53.

(Rates are for *kutch*a baled jute.)

Station	1939-40			1952-53		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Dhubri	0	7	9	1	15	5
Pandu	0	8	0	2	8	6

It has been contended that the present rates to Calcutta adversely affect jute growing areas in Assam, U.P. and the *bimli* growing Districts in Andhra. As far as Assam is concerned, the freight by the rail *cum* river route from Nowgong to Calcutta is as high as Rs. 3 per maund, as charged by the R.S.N. and I.G.N. companies. Some of the Indian companies, which are not in the Joint Steamer Companies' group, quote a rate per maund about two rupees to four rupees lower per *kutch*a bale of 4 maunds. As against this it was reported that more favourable rates were quoted for transport of tea from Assam to Calcutta, and for the return traffic from Calcutta to stations like Gauhati the river transport companies charge a lower rate of Rs. 1/8/- to Rs. 2/- per maund for pulses, cereals and other consumer goods. A statement showing the freight rates for movement of jute and tea from certain stations in Assam to Calcutta is given in Annexure VI. Before the War the rail and steamer rates for Dhubri and Pandu respectively worked out to Re. 0/10/6—0/7/9 and Re. 1/-—0/8/0 while by country craft it was even less than 6 annas per maund. The I.G.N. Company has stated that its rates compare favourably with present railway rates, and that the charges for river-rail routes are sometimes higher because of the ghat charges of 11 annas per bale levied by railways. The incidence of the freight element was particularly heavy when prices came down in 1952 and was most keenly felt in areas distant from Calcutta such as Assam, Orissa and Andhra, as the rail freight amounted to 15 to 20 per cent. of the price received by the cultivator of jute. The Orissa Government have suggested the introduction of station to station rates from places like Cuttack or Jaipur Road to Visakhapatnam and Nellimarla.

As regards the burdensome incidence of freight the Railway Board have stated—

“There are no alternative modes of transport for jute except that a portion of jute from Assam moves by the rail-cum-river route *via* Pandu Ghat, Amingaon Ghat and Dhubri Ghat as also from Bihar *via* Manihari Ghat. In view of the long distance involved for movement from Assam by all-India route, special reduced rates were quoted in 1950 in order to make them comparable to some extent with the rates obtainable by the shorter route through East Pakistan. As a result of the abolition of inflated mileage for charge, the rates were further reduced from 1st May 1952. Although the rates from Assam are still higher than for jute from U.P., the Assam jute fetches a higher price than jute produced in U.P. or Bihar. Thus, taking into consideration the prices of jute in Calcutta market, the present freight rates are not considered unreasonable”.

Mr. K. D. Jalan has stated that the increase in rates for carrying jute from Pakistan and Assam to India are exorbitant and substantially adds to the cost of jute and jute goods. A copy of his letter and the comparative statement of freight rates which he furnished to us is included as Annexure VII to this report.

The present freight rates on jute to Calcutta from Assam are stated to be more than the *sea freight from Calcutta to U.K.* and only slightly lower than Calcutta to U.S.A. It has been mentioned that even in the past the position has been that rail freight from longer distances has exceeded the sea freight to U.K. The present rate structure on railways effective from 1st October 1948 has involved an up-grading of the classification of jute from Class II to Class VII and Annexure VIII indicates the extent of the rise since 1938-39. It may be said that compared with the rise in costs of operation of transport agencies the increase in freight rates has not been proportionate; nor is it as high as the rise in price of jute since 1939. The incidence of freight however finally falls on the grower of jute. Any reduction in intermediate costs will partially accrue to the grower and enable him to get stabler prices. We recommend that the railway authorities should consider a change in the classification of jute so as to effect a due reduction in freight Burden of incidence.

rates. We also feel that the river transport companies should evolve a more equitable freight schedule for jute despatched to Calcutta.

Shortage of
railway
wagons.

Similarly, we have tried to enquire into complaints of a general character that have been received in the past, before previous Committees, regarding transport difficulties. In the present availability position of rolling stock on railways, it appears to be true that at many places the trade has suffered from a shortage of wagons. Shortage of wagons was reported to be serious in 1952, for growing areas like Nowgong, Karupetia, Barpeta in Assam for Murliganj, Forbesganj, in Bihar, and for Lakhimpur Kheri and Colonelganj in U.P. The Indian chamber of Commerce has stated that there is some improvement recently. According to the Jute Balers Association, the railways arrange for bookings not only according to their own convenience but alter them at the request of mills. The latter, it is stated, often cancel contracts without allowing extensions on this pretext and reap the advantage of rise or fall in the market. Another prevalent abuse which was referred to, was trafficking in wagons by those who had made priority registrations for them. These are matters for examination by the railway authorities. It has been admitted in some replies, and is no doubt true, that the trade also is to blame in exaggerating their demands for wagons. On the other hand, some of the trade associations and mills have pointed out that the trade cannot anticipate their wagon requirements fully, as they buy not only against specific contracts with mills, but also for despatch to, and storage at, Calcutta against future sales. Another complaint was that there was a rush for wagons, whenever Calcutta prices rose, and when this was not so, prices in rail head markets were depressed by dealers reducing their purchases on the ground of despatch difficulties. In Bihar, it was mentioned to us that wagon allocations on the N.E. Railway were some times inadequate for despatches to Calcutta, as against allotment for local mills. Difficulties in both these types of cases can be avoided, if for the main jute growing areas, State Advisory Committees could be set up which could assist both mill interests and the trade in the matter of preparing a forward demand for wagons and advise the railway authorities in the matter of fair and proper allocation. It was explained to us that as regards some of the main transshipment points on the Ganges, where transport bottlenecks developed, this was due to the strain on the line's capacity.

This was on account of arrangements that have to be made and shifted to keep pace with the capricious changes of the river and not due to any inherent lack of co-ordination between rail and river transport agencies.

We have tried to elicit information on the extent to which the fall in jute acreage was due to causes other than the absence of direct inducement of high prices. To the extent that over 90 per cent. of the jute consumed by the mill industry in India is to go to Calcutta where 73 out of 84 mills in the Indian Union are located, the cost of transportation to Calcutta is the chief element in the cost of jute and this mainly governs the relative advantage to cultivators in different growing areas. The reduction in the high freight rates, whether by rail or river from up-country areas, which we have recommended earlier will reduce the economic disadvantage to the grower in Assam, Bihar or Orissa.

Effects of high freight to Calcutta, how far re-moveable.

Extension of jute cultivation has taken place not only in areas where jute was traditionally grown, but also in new inland areas with less adequate transport facilities and newly reclaimed areas, as for example the Garro Hills in Assam, the Terai area in U.P., the merged States areas of Keonjhar and Mayurbhanj in Orissa and interior places in North Bihar. In the case of Assam, except the hill areas and other producing centres where some difficulty is experienced owing to lack of sufficient transport, especially in the tea season, the distance from growing centres to a transport head is not excessive. In West Bengal most areas are not near railway stations or river transport stations, and the cost of transport by bullock carts is high owing to the absence of motorable roads. Nevertheless, except in the case of areas in Cooch Behar, Jalpaiguri and West Dinajpur the transport costs element in the bulk of the growing areas, ranges between 3 annas and Rs. 1/8/- per maund. Transport costs from growing areas in North Bihar (which virtually remain cut off during the rainy season from August to October) to the rail heads is stated to be about Rs. 1/8/- to Rs. 2/8/- per maund and the rail freight of about Rs. 2/- to Rs. 2/8/- per maund to Calcutta has also to be added. Similar transport difficulties have been reported in Orissa also, where the trouble is chiefly lack of roads and not the long lead to rail heads. The small crop from Tripura can only be air-lifted at a cost of Rs. 4 to Rs. 6 per maund unless direct rail transport through Pakistan, is available in which case the cost may be halved.

Other diffi-
culties.

When prices were very high and jute stocks in Calcutta were low it paid to have jute of good quality transported from remote areas. As a long term measure, we have already stated that no positive encouragement should be given to the extension of jute cultivation in areas where transport facilities are not available or can be provided only at prohibitive costs.

A further suggestion to reduce the burden of freight which we have received, is for setting up of some jute mills in distant growing States like Assam and Orissa. Those who support the idea feel that a larger local demand will raise the price of jute and would also tend to neutralise the price disadvantage caused by the need to transport the entire crop to Calcutta. We have given our views on this elsewhere.

A complaint was received from one trade association that many Calcutta mills do not accept jute despatched by river transport by vessels other than those operated by the Joint Steamer Companies. We were told that because of an arrangement between the I.J.M.A. mills and the Joint Steamer Company, their members get a small rebate. Indian Steamer Companies are now quoting much lower rates and are operating to capacity. It appears however that in the matter of securing advance payment on presentation of bills of lading or getting accommodation facilities thereon, many Calcutta mills are giving more favourable treatment in the case of goods despatched by the Joint Steamer Companies than for goods sent by other lines. To the extent that the present traffic capacity is limited, particularly during the busy season, the existence of such frictional factors is not desirable.