

CHAPTER III

INFRASTRUCTURE OF INDIAN FISHERY INDUSTRY

(Credits, etc - Marketing Facilities)

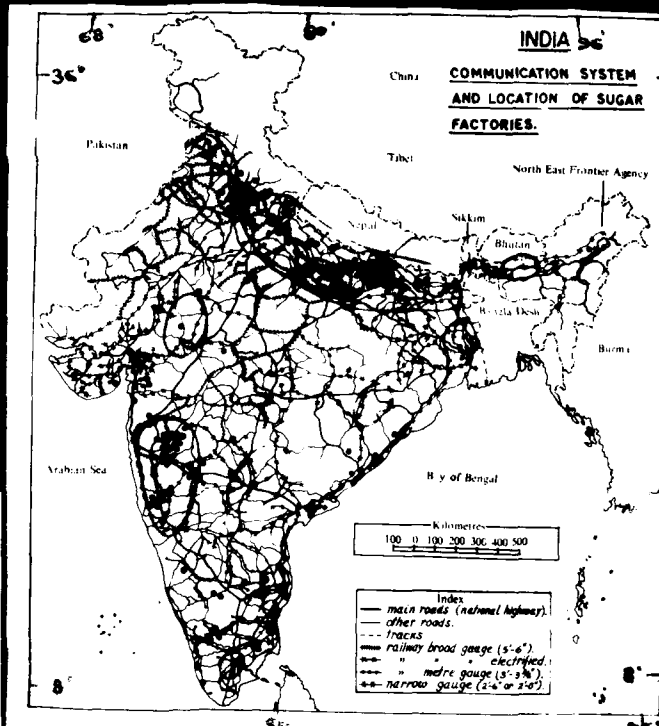


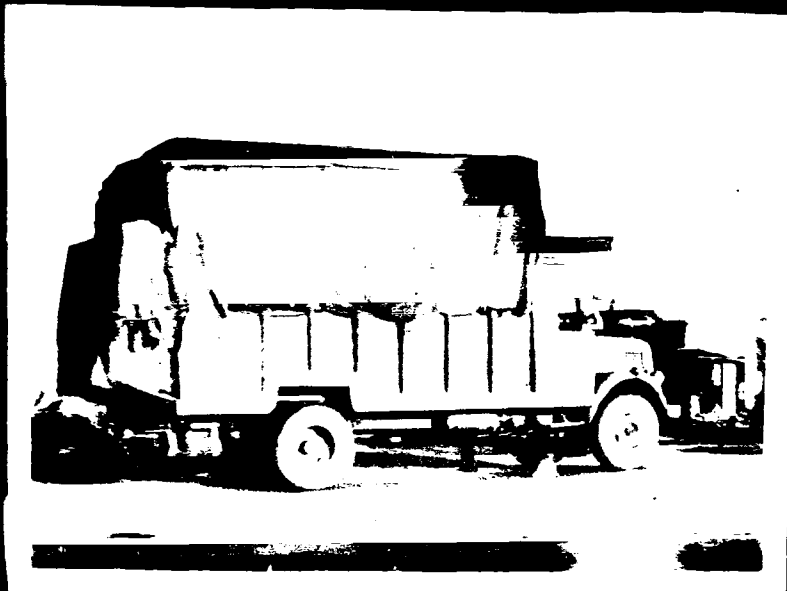
Plate-2



Gunny bags of Sugar just loaded.

Fig. 17

Plate-3



Wagon carried
sugar

Infrastructure for Industrialisation (Effect on Indian
Sugar Industry)

India has somewhat better transport facilities like other states of the globe. The vast hinterland of Calcutta, Bombay, Kandla, and Visakhapatnam, always help to move the finished products to the different countries of the world. Many food-grains, and many other export items as well as various import items move from, to and through Calcutta, Bombay, Kandla and Visakhapatnam ports. Railways, inland water ways and roads also help to move the finished products to the internal markets and also to the external spots (Plate 2 and 3). The map shows the link between the transport system and the location of the mills in different states of India (Fig. No. 17).

Freight Rate : Marketing Problem :

The following figures show the percentage of railcane in 1970-71 and 1971-72 and estimated incidence per quintal for sugar in 1971-72 and 1972-73.

Table 51
Percentage of Railcane and Estimated Incidence per quintal of Sugar.

Region	% of Railcane in 1970-71 & 1972-73		Estimated incidence sugar in 1971-72 & 1972-73	
North Bihar	19.0	14.29	0.32	0.24
West U.P.	11.0	10.25	0.17	0.17
Central U.P.	26.0	20.84	0.42	0.35
East U.P.	9.0	6.38	0.14	0.10
Haryana	4.0	4.71	0.07	0.08
Rajasthan	32.0	5.31	0.52	0.09
Andhra Pradesh	1.5	0.54	0.02	0.01
Madhya Pradesh	2.0	-	0.03	-

Increase in case freight in certain regions due to upward revision of prescribed loadable weight of cane in wagons :-

The additional incidence for this item works out as follows :

Table 52

	<u>1972-73</u>	%	<u>1971-72</u>
North Bihar	0.08		0.09
East Uttar Pradesh	0.04		0.04
Central Uttar Pradesh	0.12		0.13

From 1 July 1971, the increase in railway freight on cane by Railway Budget was about 6%, and its incidence calculated as follows : -

Table 53

Railway Freight Incidence Per Quintal

Zone	Railway freight Incidence per quintal	
	1972-72	1971-72
North Bihar	0.04	0.07
West Uttar Pradesh	0.03	0.03
Central Uttar Pradesh	0.06	0.08
East Uttar Pradesh	0.02	0.03
Haryana	0.02	0.01
Rajasthan	0.01	0.09
Madhya Pradesh	-	0.01
Andhra Pradesh	-	0.01

Incidence of additional transport charges due to increase in road transport cost : -

Based on the data of actual comparative costs for 1966-67 and 1971-72 and 1972-73 ~~under~~ this item (as received from the member of the factories) was found and the region-wise additional incidence over the base year 1966-67 as follows¹: -

Table 54
Incidence on Additional Transport Charges

Zones	Incidence on Additional Transport Charges	
	1972-73 ^(%)	1971-72
East Uttar Pradesh	1.15	1.32
West Uttar Pradesh	0.04	0.69
Central Uttar Pradesh	1.65	2.16
Punjab	1.00	0.56
North Bihar	1.72	1.47
Haryana	5.33	1.25
Madhya Pradesh	2.00	0.94
Rajasthan	1.25	1.67
Maharashtra	5.10	11.68
Mysore	2.17	-

(* this also includes harvesting charges)

1. Report of the Committee for the year 1972, Indian Sugar Mills Association (Publisher), New Delhi, P. 29,45,46, 30,32,48.

The sugarcane commodity is the basic material for sugar industry. It is, therefore, of prime importance to transport sugarcane as quickly as possible.

The export of sugar from 1961 to 1970 was as under : -

Export of Sugar
Table 55

<u>Year</u>	<u>Export of Sugar</u>
1961	2.68 lakhs tonnes
1962	3.73 "
1963	4.79 "
1964	2.34 "
1965	2.67 "
1966	4.41 "
1967	2.17 "
1968	0.99 "
1969	0.94 "
1970	3.18 "

Following illustration shows the programme increase in freight rates on Sugar cane

N.E. Railway : For a distance of 60 and 80 kms.

Following table shows the abnormal and disproportionate increase in Railway freight on sugar cane : -

Abnormal and Disproportionate increase in Railway Freight

Table 56

Distance 60 Kms :

From	Distance 60 kms on floor area basis over 12.5 sqr.and upto 13.9 metre	On floor area basis over 13.9 sqr.metre	On area basis over 12.5 metre & upto 13.9 sqr. metre	On area basis over 13.9 sqr.metre.
	Rs.	Rs.	Rs.	Rs.
1.11.60	35	37	43	51
1.7.62	40	42	40	56
1.4.65.	45	47	54	63
1.7.70	65	66	76	90
1.7.71	68	72	80	95
10.4.72	72	76	84	100

Distance 80 Kms:

1.11.60	39	41	48	58
1.7.62	45	48	55	64
1.4.65	50	54	62	72
1.4.70	75	79	87	104
1.7.71	79	84	92	110
10.4.72	84	88	98	116

The withdrawal of special rates and the application of class rate 32.5 from 1st April, 1970 is one of the causes which has very adversely affected the Sugar Industry and the Railway both.²

2. Report of the Committee for the Year 1972
Published by Indian Sugar Mills Association, Delhi,
P. 195-199.

Equalisation of Railway Freight on Export Sugar :

With the reduction of exports to one lakh tonnes, from the Bombay port on consideration of cheapest F.O.R. port price, the quantum of export has gone up in 1970 and it is likely to be so during future years. Therefore, it is necessary that other considerations are also taken into account which unfortunately the Government have disregarded during 1970. These are equalisation of burden of stock, avoidance of congestion at a particular port, specially in view of heavy monsoons at Bombay and port difficulties arising therefrom, inadequate godown facilities available at Bombay etc. etc.

In order that all the regions (though not all the factories because that it is not practical) are enabled to participate in exports and keeping in view that F.O.R. cost will continue to be the main consideration in determining the selection of ports, and it is much more necessary to see how far costs for all ports can be more or less brought to the main figure. The Indian Sugar Mill Association have here worked out a basis whereby all the regions can be enabled to participate in export without any increase in transport charges.

Transport Charges : Though in the case of Maharashtra, most of sugar is transported by trucks, about 40% and in other States the sugar is transported by rail.

On a rough reckoning portwise distribution of different regions maybbe as follows. This has been based on nearness of regions to the ports.

Bombay : Maharashtra and Gujarat.

Calcutta: East U.P., Bihar, Part of Central U.P.
Assam, West Bengal.

Kandla : Part of Central U.P. West U.P. Punjab,
Haryana, Madhya Pradesh, Rajasthan.

Visakhapatnam/Madras : Mysore, Andhra Pradesh,
Tamil-Nadu, Kerala, and Orissa.

On the basis of the above recognise allocation the average freight for different ports and percentage of sugar to be moved on the basis of 1970-71 year's estimated production of about 40 lakh tonnes are as follows : -

Table 57

Ports	Percentage of sugar to be moved	Average Transport charges (Rs.)
Bombay	26.8	3.75
Kandla	25.7	8.20
Calcutta	25.9	7.00
Visakhapatnam	21.6	3.50

The weighted average freight on the above basis would come to about Rs. 5.69 per quintal. In this connection, it may be stated that the freight insured by Maharashtra factories is Rs. 5.14 per quintal.

The above figures will show that while for different regions the transport charges vary and from all India angle, if the matter is considered, the incidence comes to about Rs. 5.68 which is not far higher than what is actually being paid at present.

Further, it will be necessary that the freight rate at least to Kandla is reduced by 40% if not by 50%. Such reduction was allowed in the past. Due to paucity of traffic at present at Kandla, there is acute wagon shortage so far as import cargo is concerned. During monsoon months, it is to the advantage of Indian Sugar Industry Export Corporation also to export sugar from Kandla as Kandla is not effected by heavy monsoons. If this reduction of 40% is allowed, the weighted all India average freight would come down to Rs.4.84 per quintal. This may be further reduced to Rs. 4.75 per quintal, making minor adjustments in the portwise percentage allocation as follows :³

Portwise Percentage Allocation

Table 58

Bombay	..	..	28%
Kandla	..	..	22%
Calcutta	..	..	25%
Vizag/Madras	..	..	25%

3. Report of the Committee for the year 1970. Published by the Secretary, Indian Sugar Mills Association "India Exchange", Calcutta, p. 245-247.

Here found the Port-wise shipments in the Sugar Industry in India.⁴

Table 59

Port-wise shipments in the Sugar Industry in
India : 1970-71⁵

Ports	(In Lakh Tons)									
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970-71
Calcutta	1.33	1.57	1.54	0.86	0.52	1.17	-	-	-	-
Bombay	0.75	0.79	1.75	1.08	1.55	1.72	2.17	0.98	0.95	0.95
Madras	-	0.38	0.21	-	-	-	-	-	-	-
Vizag	0.25	0.35	0.59	0.40	0.60	0.81	-	-	-	-
Kandla	0.23	0.46	0.69	-	-	0.71	-	-	-	-
Cuddalore	0.12	0.18	-	-	-	-	-	-	-	-
Total :	2.68	3.73	4.78	2.34	2.67	4.41	2.17	0.98	0.95	0.95

In fact, at least 40% in the railway freight was allowed to make it competitive for the factories on the N.E.Railway to participate in actual physical exports. It was further felt that if the concession in freight rate to the extent of 40% was made available, it should be possible for the factories on N.E. Railway to offer about 75,000 tonnes of export sugar from metre guage stations on N.E.Railway for movement to Kandla port per annum.

4. Ibid, P. 221.

5. Ibid, P. 225.

The Kandla port is most ideally suited for exports particularly during the monsoon months where as handling of exports from Bombay Port during monsoon months presents various problems due to heavy rains. It is, therefore, desirable that efforts be made to divert a portion of exports to Kandla port particularly during the monsoon months.

It is also reasonable to expect that as in the past, the Railways should agree to quote special concessional freight rates for movement of sugar for export to Kandla port.⁶

Leavy of charge for Motor Lorries, Mobile Granes etc. to play in the Bombay Docks.⁷

The Bombay Port Trust had suddenly increased to motor lorry permit charges steeply from Rs. 3.15 to 30/- with effect from 21st May, 1970 and it was informed by the Deccan Sugar Factories Association, Bombay. This was adversely affecting movement of export sugar. This sudden exhorbitant increase of about 950% in the permit charges is likely to hamper the movement of export sugar to Bombay Port by lorries. In fact, as has been pointed out, due to increased permit charges, number of lorry operators have refused to accept sugar bags for transportation to Bombay Port and movement of export sugar has been thus adversely affected, which is hardly desirable and will not be in the large interest.⁸

6. Ibid, p. 227.

7. Ibid, p. 236,237.

8. Ibid, p. 257.

The sugar cane traffic was subjected to a very sharp increase in railway freight being over 35% as compared to the previous rates. On different railways, the special lump sum wagon load rates were applicable to sugar cane traffic, and it was abolished under the budget proposals and were levied accordingly.⁹

Table 60

Existing Lump Sum Special B.G.Wagon Load Rates: (1969-70)

Floor area of wagon	Upto 16.7 sq.m.	16.8 to 18.4 sq. m.	18.5 to 19.7 sq. m.	19.8 or above	Proposed freight under class 32.5	Percentage to freight	
						Rs.	Rs.
Distance	Carrying capacity in tonnes	18.1	10.8	19.5	19.5	19.5	21.0
40 K.M. & below :	65 or 4.36 per tonne including sugar charge of 9%	67 or 4.36 per tonne including charge of 9%	77 or 4.36 per tonne including sugar charge of 9%	83 or 4.36 per tonne including sugar charge of 9%	60.00 per tonne	36.7%	
60 K.M.	76 or 5.05 per tonne including sugar charge of 9%	78 or 5.05 per tonne including sugar charge of 9%	90 or 5.05 per tonne including sugar charge of 9%	96 or 5.05 per tonne including sugar charge of 9%	7.20 per tonne	42.6%	

9. Ibid, P. 262.

At the Annual General Meeting of the Association held on 23.5.70 the General Body also adopted a resolution urging upon the authorities to reconsider this matter and restore the old freight rates on sugar cane traffic.¹¹

For all India during 1969-70 season the above increase in freight rate has adversely affected crushing of rail cane, which has come down to about 5.2 as compared to 7.4% in 1968-69.

Due to the larger interest of cane growers and maintenance of production, for which it is essential to keep cane freight at an economic level this declining tendency in the crushing of rail cane for sugar factories, should be arrested. For disposal of their crops the growers normally depending on the mills. Further, sugar factories which ^{now} mainly depend for a considerable part of their cane supplies on rail cane would also be put to serious hardship as they will not be able to get enough cane for their full pressure working.

11. Ibid, P. 266.

Statement showing the Quantum of Rail cane crushed in various regions for the sessions 1969-69 to 1969-70. ¹²

Table 61

Sl. No.	Regions	Crushed (in tonnes)	Rail cane (in tonnes)	Rail cane as p.c. of total cane crushed	Cane crushed in tonnes	Rail cane in tonnes	Rail cane % of Total cane
1.	Assam	55,400	-	-	1,20,900	-	-
2.	West Bengal	71,700			77,700	-	-
3.	South Bihar	1,19,500	31,600	26.44	1,26,800	26,200	20.26
4.	North Bihar	25,89,000	6,14,700	23.74	35,11,100	8,13,100	23.16
	Whole Bihar	27,08,500	6,46,300	23.86	-	-	-
5.	Western U.P.	40,53,000	4,83,409	11.93	60,77,600	6,09,900	10.40
6.	Central U.P.	49,57,900	12,05,200	24.31	73,11,100	1,70,180	2.33
7.	Eastern U.P.	39,50,800	3,23,900	8.20	46,88,700	4,43,500	9.46
	Whole U.P.	1,29,61,700	20,12,600	15.53	-	-	-
8.	Haryana	7,50,800	36,900	4.88	11,08,600	53,200	4.80
9.	Punjab	5,46,200	15,100	2.77	7,93,500	20,500	2.58
10.	Rajasthan	1,39,900	36,600	26.16	2,17,000	77,000	35.48
11.	Gujarat	8,28,200	-	-	10,27,400	-	-
12.	Madhya Pradesh	1,64,100	10,960	6.68	4,07,500	47,700	11.71
13.	Orissa	1,53,300	-	-	1,96,200	-	-
14.	Maharashtra	86,79,700	-	-	96,92,088	-	-
15.	Andhra Pradesh	37,05,200	37,600	1.01	36,84,000	91,200	2.47
16.	Tamil Nadu	41,69,100	-	-	20,88,100	-	-
17.	Mysore	20,41,400	-	-	2,40,900	-	-
18.	Kerala	1,99,900	-	-	1,82,700	-	-
19.	Pondicherry	2,73,500	-	-	-	-	-
20.	All India	3,74,54,600	27,96,000	7.74	4,52,46,888	23,52,480	5.20

This type of increase was highly unrealistic and disproportionate being as high as 30% in certain cases. And this type of increase was wholly unjustified and would render real cane highly uneconomical. The disproportionate increase of sugar cane price under last railway budget to the extent of 35% thereby adversely effecting interest of large mass of cane growers supplying cane to factories at rail centres as crushing of rail cane has become highly uneconomical. This sudden increase in prescribed loadable weight of wagons would further aggravate difficulties and sugar cane growers supplying cane at rail centres may be put to avoidable hardship. This may also effect the sugar output.¹³

13. Ibid, P. 269.