DISCUSSION OF RESULTS
CHAPTER - IX
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9.1 GENERAL

9.1.1 An underdeveloped/developing economy has immense potential of growth. We have the examples of Japan and South Korea, which have made gigantic strides in development, without any substantial natural resources. Hence resource availability can neither be a necessary nor a sufficient condition for growth. It is the management of human resources, which is of paramount importance in any strategy of growth. With the help of planning we could have Stalin's Soviet Union, which registered a growth rate as high as 20%. Hence a sufficiently high growth rate is very much feasible for any economy and more so for India, which has abundance of both natural as well as human resources.

9.2 ANALYSIS OF RESULTS

9.2.1 Any investment that spurs growth and social development is very much desirable, even though in the short run it may be uneconomical for that particular sector. On this criterion the Korba-Lohardaga Rail Link Project is fairly advisable. Though the financial internal rate of return
works out to be only 2.48 per cent, yet the social cost benefit analysis supports the project. In fact at a later stage even the financial internal rate of return must go up.

9.2.2 It should be taken note of that sensitivity analysis has been done for a growth rate of coal traffic at 3 percent per annum upto the 15th year after the project becomes operational. For the remaining items a growth rate of 4 per cent per annum for smalls traffic and 2 per cent per annum for wagon load traffic has been assumed.

9.2.3 It can be easily agreed upon that the growth rate projections are fairly low. If efforts are made for developing the region, which is very rich in natural resources, the traffic for the proposed railway link will grow at a much faster rate.

9.2.4 The Korba Thermal Power Station is only a part of the beginning of efforts to meet the potential power requirements of an already power short country. We, as a matter of fact, need hundreds of thousands of MWs of power, whereas the actual installed capacity for electricity is only a fraction of the total requirement. Not only the Korba power plant requires immediate capacity expansion but after the saturation of
the infra-structural facilities, at the present site, a number of thermal power plants can be set up along the proposed railway line to exploit the hinterland potential of the central coalfields Ltd. Such a plan will make the coal traffic alone grow beyond the handling capacity of this line. The development of townships around such power stations will make this line very busy even on considerations of passengers. The increase in human habitation will increase all sorts of trade manifold and the growth rate would be beyond the most optimistic estimate.

9.2.5 Similarly the growth of cement traffic can be examined for the proposed railway line if decent shelters are to be provided for the population in this area construction of such shelters will require plenty of cement. It has been estimated that an immediate increase of at least 300 per cent in cement production is required in India. Cement is an item, which can attract private capital easily and therefore judicious policy measures can be adopted to promote a quantum jump in cement production. With a massive increase in the installed capacities of Japla, Kheleri etc. in the area
cement alone has all the potential to become the lead sector in this area from growth point of view. Limestone deposits of Palamau, Ranchi and Bilaspur areas will become the bulk cargo for the railways on this line and once again it can be emphasized that given proper policy perspective with regard to expansion and promotion of the cement industries, the demand from limestone and cement transportation may outmatch the cargo handling capacity of this railway line. The spurt in the allied activities and the development of townships will again give rise to substantial passenger traffic as well as transportation of consumer goods.

9.2.6 The unit of Fertilizer Corporation of India at Korba will receive a fillip from the augmented transportation facilities and it should go for capacity and production expansion taking into account the fact that still India is importing 40% of its fertilisers from abroad. The proposed railway line will facilitate both incoming of the inputs as well as disposal of the final product. Similarly the proposed railway line will give all incentive for the Bharat Aluminium Plant at Korba to expand.
9.2.7 Besides these large scale industries, there will be an automatic spurt in the small scale industries because of growth of the large industry sector as well as due to the operation of the railway line. The traffic potential due to such small industries cannot be quantified exactly at this stage but it will certainly be in consonance with the growth of the large industry sector.

9.2.8 Besides, the traffic potential that the industries in this area can provide to the railways to grow, the forest produce such as timber has a good growth potential. Its demand in the related areas itself will go up because of the construction and other activities, that will flow out of industrial development and inhabitation and it will be proportional to the growth of industries and townships. The forest produce can also find other outlets due to the proposed transportation facility provided by the rail line. The growth of such timber transport depends entirely on the capacity to exploit the forests constrained by the limits allowed by the forest department. Clearly this has a positive correlation with the growth of the railways on this route.
9.2.9 The potential of the area for the production of calcium carbide, bleaching powder, paper etc. can be fully exploited with the railway operations. The exact magnitude of such growth cannot be computed because it depends to a large extent on the initiative taken by the industries of this area. However, the rail link if accompanied by proper policy measures with regard to such industries will be quite promising for a high growth rate.

9.2.10 This proposed rail link is also certain to spurt growth of roads in the region. Link roads will automatically develop, once the railways are fully operational on the route. Construction of new roads as well as the traffic on such roads will provide additional business to the railways.

9.3 BENEFITS

9.3.1 The construction of this railway line is likely to revolutionize the marketing of various items produced/manufactured in this. The value added thus will go on to increase the GNP and on the other hand various types of taxes will accrue to the Governments. These taxes will be savings of the economy and thus not only savings
will increase but also the composition of the National Income will be affected to facilitate production. However, the impact cannot be quantified at this stage, because it will largely depend upon the efficient performance of the railways, and the initiative taken by the private sector as well as various government departments. However, the credit for creating such a potential of quantum growth will go to the railway line.

9.3.3 Another very important area of development will be employment generated by the rail link. The employment generated will be in the organised as well as unorganised sector and it can be quantified in actual and potential terms. For every unit of employment in the organised sector the corresponding figure in the unorganised sector is more. Taking the national proportion of the two we can easily compute the level of employment generated in the unorganised sector as the employment to be generated on the machines of the organised sector will be easily known. Similarly the potential growth of the organised sector will indicate future employment in the organised sector and consequently in the unorganised sector.