The Core of the Plan — Railways

G Isaac

The Plan has been described as a 'steel' Plan—as a Plan to "make machinery to make machinery."

There has been talk of the "hard core of the Plan—coal, steel, transport and ancillary power" and the Prime Minister has said "Agriculture will now and always be No. 1".

The Plan is none of these things—it is a Railway Plan.

THE largest single allocation In the Plan Is the allocation under the railway—Rs 1,125 crores out of a total Plan-frame of Rs 4,800 crores. Subsequently the railway allocation has been raised by Rs 200 crores to Rs 1,325 crores. The steel plants have an allocation of only Rs 400 crores or less than a third of the allocation that has been made for the railways. There are a great many articles in . newspapers and magazines by officers in the railways to say that even this is insufficient, though already these allocations are more than a quarter of the total Plan.

The railways are, again, the largest single drain on the country's foreign exchange resources. The total foreign exchange requirement of the Plan in the public sector had been estimated at Rs 1050 crores, and of this not less than Rs 425 crores or nearly 40% was to be for. the railways. As the railways have proceeded to make use of these foreign exchange allocations, acute shortages have arisen. Our foreign exchange resources have fallen to a perilously low level. Imported consumer goods are rapidly disappearing from the market and even imported raw materials necessary to keep up production of Indian goods are not available. Almost totally impossible credit conditions have been imposed for the import of all kinds of machinery needed by Indian industry.

Eats up all the Steel

The Plan envisaged imports of steel for the Plan period of about 7 million tons. The railways have a mission abroad at the moment with instructions to buy 5 million tons of steel. Obviously, nobody else is going to see much imported steel for some time!

Of the available supplies of steel within the country, the railways are the largest single consumer. The railways have a colossal and Insatiable appetite for steel. Railway engines and wagons are, of course, all of steel construction, but in addition to these, railway lines, sleepers, marshalling yards, signalling equipment, etc, all absorb steel in fantastic quantities. In 1956 the Railway Ministry estimated that the railways would require about one million tons of steel; by 1961, when the railway workshops and installations like the Chittaranjan factory and the Integral Coach Factory are expanded and working In full swing, their demand is likely to be in the region of 3 million tons per year. In other words, the enlarged railways will absorb the 3 million additional tons of steel per year that will be manufactured by the new steel plants. There will be very little left for houses or schools or any other purpose.

Carrying Coal for Itself

The various magazines, pamphlets and articles put out by the railway authorities give the impression that the railways are making superhuman efforts to carry coal and other raw materials for the steel plants. The facts are rather different—in fact ridiculously different. Of the total production of 39 million tons of coal per year the existing steel plants require only about 2 million tons. The railways, on the other hand, require 13 million tons. The railways give the impression that they are co-operating in a gigantic effort to increase coal production from 39 million tons to 60 million tons in the Second Plan so that the new, steel plants and other industrial units can have an adequate supply of coal. In fact the three new steel plants altogether require only about 5 million tons of coal. The railways will require most of the remaining 16 million tons of Increase for themselves!

American Experience

This is certainly an odd state of affairs. It is justified on the alleged ground that if India is to industrialise herself and specifically, if Indian steel production is to be increased from 1.3 million tons to 4.3 million tons as is planned, then the railways must be expanded accordingly. This sounds very plausible and a great many articles have been written to show that this is so—in fact, it is not true. The United States increased her steel production from 15 million tons in 1932 to 117 million tons in 1953 and increased her Industrial production enormously while the total railway mileage, the number of passenger, goods wagons and locomotives all declined.

Rail Transport in the United States

Year	Locomotives	Goods wagons	Passenger wagons
1935	49,541	1,867,381	42,426
1940	44,333	1,684,171,	38,308
1945	46,253	1,787,078	38,633
1946	45,511	1,768,400	38,697
1947	44,344	1,759,758	39,057
1948	44,474	1,785,067	39,406
1949	43,272	1,778,811.	38,006
1950	42,951	1,745,778	37,359
1951	42,473	1,777,878	36,326
1952	39,697	1,783,352	34,942
1953	37,251	1,801,874	34,106

Source: World Almanac—1955.

The Americans, of course, moved more and more of their goods (in this period national income Increased by seven times) by road and road transport.

To villages and small towns this brought freer flowing traffic, lower cost communication, lower cost for supplies brought in from other centres and the countryside. It brought better education for children, increased employment, and higher property values. It destroyed social barriers, created national loyalties and provided the fundamental basis for American community growth.

All Goods Can Move by Road

All the goods that industrial development requires in the Second Five Year Plan could have been moved by road and road transport at the expenditure of a small fraction of the real resources that are now being poured into railway

development, and the steel, foreign exchange, cement and finance thus set free could be used to build houses schools, hospitals and to clear up our slums.

Why is this not being done? This is largely the result of the extremely influential position that is occupied by the Railway Board. They are the largest single industrial undertaking in the country, and the largest single Government organization. The Railway Board Is staffed by some of the ablest men in the country. There is also another reason for not criticising their policies. The railways are the largest buyers within the country of many kinds of goods. Many companies have their order books full for the next five or six years with railway orders, their raw materials are delivered on a priority basis, and they make comfortable profits.

Malignant Growth

Again, all alternative methods of transport have so systematically been paralysed by railway influenced legislative restrictions that there is frequently nothing to do but to rely entirely on the railways. It is a paradoxical situation. The railways are now a cancer in the Indian economy but the more rapid the malignant growth, the more the country becomes dependent on railways.

There is however an end to most things. People originally supported the Five Year Plan because they thought there was something in it for them in the way of better housing, schools, sanitation, communications, clothes etc. They haven't got these things because the resources necessary for making them have been swallowed up by the Railways.

Nobody is quite conscious of this, or of how all this happened, but there is a deep feeling that the people have not got what they expected from the Five Year Plans. As this feeling grows and crystalises, there will grow effective opposition to the strangle hold of railways on our Five Year Plans and on the Indian economy.

Cement from Slag

Manufacture of cement from blast furnace slag is to begin next year at Chaibasa, 40 miles from Jamshedpur—the first such project in India. When Iron ore is melted in a blast furnace, slag is separated from iron and floats in a layer on the surface of molten pig iron. Although rich in lime content, slag has hitherto been put to no use, and enormous quantities have .collected over the years at dump sites in the Tata Steel Works!

A plant is now being set up by Associated Cement Company at Jamshedpur to granulate liquid slag as it pours out of the blast furnaces.

M P Finance Corporation

The Madhya Pradesh Financial Corporation during 1956-57 received thirteen applications for assistance to the extent of Rs 51.20 lakhs. Out of these applications advances have been sanctioned to four industrial concerns for Rs 13 lakhs as against their demand for Rs 16.25 lakhs.