Letter to the Editor

Road vs Rail Transport

Reply

'THE purpose of my article was to refute the contention that the capital cost of carrying a million ton of goods over 300 miles by road, is twice that required by the railways. This was the basic premise of the Member, Transportation, the Railway Board. The same figures were advanced by Shri Neogi, Member, Transportation, Planning Commission, in July 1957, and presumably this was a fundamental premise in the argument that finally gave the Railways Rs 1,125 crores out of a total Plan expenditure of Rs 4,800 crores.

My intention in choosing the example of a large quantity of a heavy commodity such as iron ore, and a long haul, was not to demonstrate the all round superiority of road transport under all circumstances, but to show that even under conditions most favourable to the railways, the converse of the premise advanced by the Member, Transportation, the Railway Board, and supported by the Member, Transportation, Planning Commission, is likely to be true.

I am of course aware that there are conditions under which transport by rail offers many significant advantages -- but my concern was only with relative capital costs. Since Mr Beckman does not disagree with me on this point, and as I have satisfied myself about the correctness of his arithmetic, I will merely refer to certain practical and technological considerations that will affect his conclusions.

Mr Beckman is of course very correct when he maintains that likely profitability is an excellent guide to investment. However, calculations of likely return are a great deal more complicated than he seems to imagine. Railway returns cannot be created by simply raising charges. In fact there is hardly a railway system in the world which earns the 7-9 per cent return, in the expectation of which Mr Beckman suggests investment in railways. On the other hand most successful road operators make considerably more than 8 per cent, even after paying heavy taxes.

Then it can happen that there is very little capital available, and that to concentrate what is available on the railways might mean abandoning other worth while projects. It might be, that rather than spend Rs 11.05 crores on the Railways, it is preferable to spend Rs 4.89 on road transport, and use the Rs 6.16 crores thus saved on other projects. This possibility is what stimulated my interest in the transport allocation. My studies suggest that by economising on the railways it should be possible to find funds for a dairy industry in Kerala, for a shipyard in Cochin, a tyre factory in Kottayam, and for the innumerable other excellent projects that have been sacrificed to expand the railways.

In any case Mr Beckman's "financial analysis" is incomplete. He has shown that given the alternatives -- road transport at a capital cost of Rs 4.89 crores, with a ton mile cost of 11.6 nP on the one hand, and the railways with a capital cost of 11.05 crores of Rupees, and a ton mile cost of 9 nP on the other -- and assuming that the quantum of railway traffic will not change if the railways raise their charge to the road levels, there are advantages in choosing the railways.

But there is another course of action which Mr Beckman has not considered. Suppose one could spend Rs 11.05 crores on road transport? This would permit the use of the most powerful and modern trucks, and the most advanced trailer techniques, and the construction of such high quality roads as would greatly prolong vehicle and tyre life, and significantly reduce repair bills. (The figures quoted in my article of April 25 were, as specifically stated, for truck operation over low quality gravel roads.) This would lead to a sharp fall in ton mile costs, to levels close to and perhaps lower than the railway cost! This would seriously undermine Mr Beckman's conclusions.

Incidentally, the cost figures used in my article of April 25 refer to a truck trailer combination in actual use, with a carrying capacity of 24.5 tons. Development work has been done on vehicle combinations with carrying capacities in the region of 60 tons. (Proceedings of the Saltsjobads Conference. The Transport Technology Association, Stockholm.) A graph showing the fall in ton mile costs, as total laden vehicle weight increases appeared in my article in the Economic Weekly of January 3rd.

The essence of Mr Beckman's argument is that the difference in ton mile cost between the two forms of transport compensate the initially higher outlay required by the railways. This is only a partially valid approach. Road transport and the railways do not provide precisely the same service. Road rates hold a contribution to greater speed, promptness, reliability, security, convenience, flexibility and cleanliness. If the railways were to charge exactly the same rate as road operators, in the case of the great majority of commodities they would lose traffic heavily.

As the purpose of my article was to question the validity of a set of figures advanced by the Member, Transportation, the Railway Board, I am reluctant to enter upon Mr Beckman's final argument, which assumes the correctness of another set of figures from the same source. Mr Beckman notes a difference of 17 nP between the ton mile costs of road transport and railway movement in India. This is based on figures quoted by the Member Transportation, the Railway Board Eastern Railway Magazine, April 1956) in which he indicated that the cost for road transport in India at 37 nP while claiming the railways ability to carry goods at between 20 and 21 nP per ton mile.

However, the Indian Road Transport Development Association has claimed that the cost of experienced private road operators in India is as low as 18 nP per ton mile, and that even this can be reduced if the present restrictions on vehicle utilization, and the use of trailers were removed.

The final comment on Mr Beckman's "financial analysis" is provided by actual trends in Sweden. Unimpressed by the many advantages