

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1977-78)**

**(SIXTH LOK SABHA)**

**SEVENTH REPORT**

**ON**

**CENTRAL INLAND WATER TRANSPORT CORPORATION  
INLAND WATER TRANSPORT, OBJECTIVES AND  
RIVER SERVICES**

**(MINISTRY OF SHIPPING AND TRANSPORT)**

*[Presented in Lok Sabha on 24-4-1978]*

*[Laid in Rajya Sabha on 25-4-1978]*



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COMMITTEE ON PUBLIC UNDERTAKINGS

(1977-78)

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\*Ceased to be a member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 2-4-1978.

\*\*Ceased to be a member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 9-4-1978.

## INTRODUCTION

I, the Chairman, Committee on public Undertakings, having been authorised by the Committee to present the Report on their behalf, present this Seventh Report on "Central Inland Water Transport Corporation Ltd.—Inland Water Transport, Objectives and River Services."

2. The Committee took the evidence of the representatives of Central Inland Water Transport Corporation Limited, the Ministry of Shipping and Transport, Ministry of Finance (Bureau of Public Enterprises), Planning Commission and the former Secretary of the Ministry of Shipping and Transport besides hearing a number of officers of the Central Inland Water Transport Corporation and other officials/non-officials. The Committee also received memoranda and representations from the officers, employees' unions etc., of C.I.W.T.C. and others.

3. The most crucial problem that the country is facing today is the price rise in which transport cost of commodities is an important factor to be reckoned with. Inland water transport, the cheapest mode of transport, can greatly help in reducing and stabilising the prices of commodities, while the initial investment on providing 1 km. of track of rail is about Rs. 10 lakhs, and of road Rs. 4.5 lakhs, it is only Rs. 2 lakhs in the case of inland water transport and that too on waterways which have less of water during the lean season. Similarly while the maintenance cost per km. of track per year is Rs. 9,600 for rail, Rs. 4,500 for road, it is as little as Rs. 1,000 for inland water transport. Furthermore the basic requirement of traction viz., energy—whether it is fuel, oil, coal or electricity—to move an equivalent tonnage is far less on waterways and a barge has the lowest relative dead weight with a minimum of friction loss. One Horse Power is known to move 150 kgs. on road, 500 kgs. on rail and 4000 kgs. on water. Inland Water Transport is thus the least energy consuming system of transport.

4. Further, inland water transport provides employment to a large number of people, helps in promoting tourism, reducing congestion in big cities and protecting environment from pollution etc., besides having the advantage of no pilferage or breakage due to vibration during transit. Above all, an efficiently operated inland water transport system, specially in the Eastern and North-Eastern Regions is indispensable from the defence point of view according to the highest echelon of defence authorities.



5. However the powerful organised road transport lobby has been opposing the expansion and effective functioning of the Inland Water Transport. The lobby has been operating even at the highest levels including the Planning Commission, Ministry of Shipping and Transport and its Inland Water Transport Directorate, feeding all along the line by paying in "LAKHS". It has been using the media of the press apart from other methods to subserve its purpose.

6. This appears to be the reason why no National Integrated Transport Policy has so far been formulated although the issue has been hanging fire for the last 27 years and causing incessant confusion and economic loss to the country.

7. The neglect of inland water transport has brought rich dividends to road transport, mostly at the cost of consumers.

8. Time and again the schemes for Inland Water Transport were examined, re-examined and shuttled to and fro between the Planning Commission, the Ministries and the State Governments just to kill time with the object of scuttling these schemes. The allocations made in the various Five Year Plans for inland water transport have been negligible and that too were not utilised fully. This clearly shows how the authorities, under the influence of road transport lobby, were obstructing the growth of inland water transport. It was nothing but a calculated sabotage of schemes of economic importance.

9. This lobby is also responsible for the closure of Government-owned Central Road Transport Corporation and was also not allowing the Central Inland Water Transport Corporation to come up.

10. In spite of specific recommendations of a National Committee, the Inland Vessels Development Fund has not been instituted even after a lapse of about eight years. This goes to show that the unseen hands of the Road Transport Lobby have successfully thwarted and obstructed the adoption of this financial measure which could have gone a long way to help the growth of inland water transport.

11. In spite of the laborious efforts made by the various study teams and their numerous useful suggestions no action appears to have been taken by the Ministry/Corporation to revive and develop river services run by Central Inland Water Transport Corporation. On the other hand the Ministry of Shipping and Transport were in search of some pretext to close down River Services, obviously under the pressure of Road Transport Lobby. Despite the favourable recommendations of the Fernandes Committee and National Productivity Council for augmenting river services, Government, for reasons known to them, had got the matter again examined by Shri Bazle Karim, Adviser (Production), Bureau of public

Enterprises. He obligingly, it seems, recommended the winding up of the river services in a phased manner for which there are no valid reasons.

The decision taken in June 1977, after Shri Bazle Karim's inspired report, to close down river services was motivated and is most regrettable.

12. Since the Ministry were against keeping the river services going, the result was that the river services ran into heavy losses to the tune of Rs. 21.43 crores due to utter mis-management and rampant corruption.

13. Central Inland Water Transport Corporation made no effort to maintain the river services profitably. On the contrary they went on declining cargo continuously through direct and indirect means to bring the whole river service business almost to a close.

14. In order to set the matters right it is necessary that—

- (i) pronouncement of a national coordinated and integrated transport policy, defining the role of each mode of transport should not be delayed any further;
- (ii) an immediate inquiry should be instituted to unearth this road transport lobby and its *modus operandi* including the role of officers in the various Government organisations, in subverting the inland water transport system in the country so that the strangle-hold of this lobby could be shaken off and the corrupt officers thoroughly exposed and brought to book;
- (iii) Calcutta-Cachar, Calcutta-Assam and Calcutta-Bangladesh services as also Sunderbans service should be started immediately. Regular scheduled sailings, preferably weekly service, should commence and in all the places effort should be made to have river-cum-road coordinated services so as to make the services more attractive;
- (iv) a ferry service between Dahej (South Gujarat) and Bhavnagar (Saurashtra) should also be started. This will not only save a distance of 400 km. by road but will also save atleast 24 hours' time besides minimising overall transport cost;
- (v) services from Calcutta to Durgapur through D.V.C. canal, Haldia-Allahabad should also be started;
- (vi) fresh survey of navigable waters should be carried out, with a view to extending river services wherever possible;
- (vii) the Government should subsidise the operational losses of the river services for a period of not less than 10 years, as is being done in case of operation of uneconomic Railway lines so as to enable the river services to stand on their own legs and become viable and useful in course of time;

- (viii) since State Governments have neither the resources nor the expertise to undertake development of Inland Water Transport, it should be the responsibility of the Central Government;
- (ix) Government should make it mandatory for all Central Government Departments and Undertakings to provide cargo as much as possible to Central Inland Water Transport Corporation. The State Governments should also be requested to patronise Inland Water Transport;
- (x) infusion of new blood in the Corporation at different levels is very necessary and the Chief Executive of the Corporation must essentially be a young-man who has first hand experience in planning and management of inland water transport.

15. The Committee considered and adopted the Report at their sitting held on the 22nd April, 1978.

NEW DELHI;  
22nd April, 1978.

JYOTIRMOY BOSU,  
*Chairman,*  
*Committee on Public Undertakings.*

# I

## A. *Special features of Inland Water Transport*

In India, water transport developed much earlier than other modes of transport. Country boats of varying sizes and shapes have been plying on our waterways from times immemorial. Propulsion used to be by oars, sail or towing line. Mechanised propulsion was first introduced in the country in the early part of the 19th century. The first steam propelled vessel sailed with passengers from Kulpi Road to Calcutta, a distance of 80 Km., on the Hooghly in 1823. In 1842 a regular fortnightly service was started between Calcutta and Agra on the Yamuna. Regular steamer services on the Brahmaputra between Calcutta and Assam also commenced in 1863.

1.2. Due to the diversion of water from rivers for meeting the ever-increasing needs of irrigation, deforestation of the hilly ranges leading to erosion and accumulation of silt in the rivers and the lack of proper maintenance, the navigability of waterways gradually declined. Nevertheless, inland water transport continued to play an important role on routes and in the regions in which its natural advantages outweighed other disadvantages like Calcutta-Assam river route till its closure in September, 1965, and the waterways of Goa.

1.3. With the introduction of other modes of transport *viz.* rail, road, etc., Inland Water Transport has had to face serious unfair competition. It has not, merely, survived but continues to play an important role in many advanced and affluent countries of the world, like U.S.A., Germany, France and U.S.S.R. This is because of its inherent advantage as a very low cost mode of transport. IN GERMANY, RIVER RHINE IS CONNECTED WITH RIVER DANUBE AND THEY ARE FURTHER CONNECTED WITH MEDITERRANEAN SEA AND THE BLACK SEA. IN FRANCE, INLAND WATER TRANSPORT IS CONNECTED WITH THE ENTIRE EUROPEAN AREA EVEN UPTO U.S.S.R. IN U.S.A., WATERWAYS TODAY CARRY OVER 16 PER CENT OF THE NATION'S TOTAL TRANSPORT NEEDS. THESE ADVANCED COUNTRIES, WHERE OTHER MODES OF TRANSPORT ARE WELL ORGANISED AND WHERE CARRIERS OF THESE MODES OF TRANSPORT LIKE TRUCKS, RAIL ETC. ARE PRODUCED IN THE COUNTRY ITSELF TO FULLY MEET THEIR OWN DEMANDS, ARE GOING IN A BIG WAY FOR THE DEVELOPMENT OF WATER TRANSPORT AND HAVE INITIATED EXTENSIVE DEVELOPMENT PROGRAMMES THEREFOR.

1.4. THE INLAND WATER TRANSPORT COMMITTEE (BHAGWATI COMMITTEE) IN THEIR REPORT SUBMITTED IN OCTOBER, 1970 HAVE, ON THE BASIS OF STUDIES UNDERTAKEN/ STATISTICS COLLECTED BY THEM, HIGHLIGHTED THE VARIOUS INHERENT ADVANTAGES OF THE INLAND WATER TRANSPORT AS FOLLOWS:—

ONE OF THE MAIN ADVANTAGES IS THAT MOST OF THE WATERWAYS ARE GIFT OF NATURE AND CAN BE USED FOR NAVIGATION WITH A MINIMUM INVESTMENT, WHEREAS RAILWAY LINES AND THE RAILS HAVE TO BE LAID AT A CONSIDERABLE COSTS. THE FOLLOWING TABLE INDICATES THE INVESTMENT REQUIRED FOR PROVISION OF ONE KM. OF ROAD OR RAILWAY TRACK VIS-A-VIS WATERWAYS:—

Mode of transport	Initial investment required on provision of one km. of track (Rs. in lakhs)	Maintenance cost per Km. of track (Rs. per year)
*Water	1.25 to 2.00	1,000
**Road	1.50 to 4.50	4,500
***Rail (Plain Section B.G.)	8.00 to 10.00	9,600

1.5. IT IS RECOGNISED ALL OVER THE WORLD THAT INLAND WATER TRANSPORT IS THE CHEAPEST MODE OF TRANSPORT, PARTICULARLY FOR CERTAIN KINDS OF TRAFFIC BOTH OVER LONG AND SHORT DISTANCES. IT IS ALSO AN ESTABLISHED FACT THAT IT REQUIRES VERY MUCH LESS POWER TO MOVE AN EQUIPMENT TONNAGE ON WATERWAY AND A BARGE HAS THE LOWEST RELATIVE DEAD WEIGHT AND A MINIMUM OF FRICTION LOSS.

1.6. ONE HORSE POWER IS KNOWN TO MOVE 150 KGs. ON ROAD, 500 KGs. ON RAIL AND 4,000 KGs. ON WATER @. THAT

\*Figures furnished to Bhagwati Committee by I.W.T. Directorate, Ministry of Shipping & Transport.

\*\*Figures furnished by Roads wing of the Ministry of Shipping & Transport.

\*\*\*Figures furnished by Railway Board.

@ Information collected by the Bhagwati Committee from (i) Union Internationale de La Navigation Fluviale, Paris and (ii) Zentral ausschuss der Binnen Schaffahrt C.V. Beuel am Rhein.

IS WHY THE COST PER TONNE-KM. IS THE LOWEST IN THE CASE OF INLAND WATER TRANSPORT. THE RELATIVE COST (1970) PER TONNE-KM. OF RAIL, ROAD AND WATER TRANSPORT RELATING TO EASTERN INDIA IS ILLUSTRATED BY THE FOLLOWING FIGURES:—

Mode of Transport	Region	Cost per tonne-Km. (In paise)
Rail	Eastern Railway (Broad Gauge)	5.32
	North-Eastern Railway (Metre-Gauge)	6.58
	North East Frontier Railway (Metre Gauge)	13.88
Road	....	10.00
I.W.T.	(i) For long leads of 600 Kms. and above	2.50
	(ii) For short leads upto 200 Kms.	5.00

IT HAS BEEN WORKED OUT THAT IN THE USA, THE COST OF TRANSPORT PER TON/MILE IS NEARLY 3|10TH OF A CENT (1.4 PAISE PER TON KM.) BY BARGE, 1|2 CENTS BY RAIL AND 6½ CENTS BY ROAD. DR. WILLIAM MOOZ OF THE RAND CORPORATION (USA) HAS GIVEN THE FOLLOWING FIGURES TO INDICATE THE ENERGY REQUIRED TO MOVE A TON-MILE OF CARGO BY WATER, RAIL, PIPELINE, TRUCK AND AIR:—

	Energy required to move tonne-mile of Cargo (Expressed in British Thermal Units)
Water	500
Rail	750
Pipeline	1850
Road	2400
Air	6300

1.7. THE COMMANDER, HOOGHLY RIVER SURVEY, CALCUTTA PORT TRUST (SHRI H. C. MALHOTRA) WHO HAD ALSO BEEN SECRETARY, INLAND WATER TRANSPORT COMMITTEE,

HAS IN HIS PAPER READ OUT IN A RECENT SEMINAR PRESID-  
ED OVER BY THE UNION MINISTER OF SHIPPING AND TRANS-  
PORT AT CALCUTTA, HIGHLIGHTED THE IMPORTANCE OF IN-  
LAND WATER TRANSPORT, AMONG OTHERS, AS FOLLOWS:—

“IT IS HISTORIC FACT THAT BULK COMMODITIES CAN  
BE MOVED AT THE LOWEST TRANSPORTATION COST  
BY WATER. THIS HAS CONTRIBUTED TO THE PROSP-  
ERITY OF REGIONS SERVED BY WATERWAYS. THAT  
IS WHY INLAND WATER TRANSPORT IS FLOURISH-  
ING IN SOME OF THE MOST ADVANCED COUNTRIES  
OF THE WORLD

TONNE FOR TONNE AND MILE FOR MILE, WATER TRANS-  
PORT CONSUMES THE LEAST FUEL AS COMPARED  
WITH OTHER MODES OF TRANSPORT. A LITRE OF  
FUEL IS KNOWN TO MOVE 24 TONNE-KMS. BY ROAD,  
85 TONNE-KMS. BY RAIL AND 105 TONNE-KMS. BY  
WATER.

RIVER TRANSPORT STIMULATES THE GROWTH OF AN-  
CILLARY INDUSTRIES CONNECTED WITH CONSTRUC-  
TION OF INLAND CRAFT, THEIR MAINTENANCE,  
OPERATION AND MANAGEMENT. BESIDES A LARGE  
FORCE HAS TO BE EMPLOYED FOR CONSERVANCY  
OF THE CHANNEL AND IN THE RIVER TRANSPORT  
COMPANIES PARTICIPATING IN THIS BUSINESS. A  
LARGE NUMBER OF PERSONS HAVE TO BE EMPLO-  
YED AT THE VARIOUS INLAND PORTS AND TERMI-  
NAL STATIONS FOR LOADING AND UNLOADING OF  
CARGOES.

THE MOST RECENT DEVELOPMENT OF BARGE CARRIER  
SYSTEM KNOWN AS ‘LASH’ (LIGHTER ABOARD SHIP)  
ELIMINATES THE TRANSHIPMENT OF GOODS BET-  
WEEN INLAND AND OVERSEAS TERMINALS. THE  
‘LASH’ VESSELS THAT HAVE ALREADY STARTED  
CALLING AT HALDIA WILL GIVE A FURTHER BOOST  
TO THE IWT AS THE LIGHTERS DISCHARGED FROM  
THE ‘MOTHER SHIP’ WOULD BE TOWED TO THEIR  
ULTIMATE DESTINATIONS IN THE INTERIOR WITH-  
OUT ANY EXTRA HANDLING COST AT HALDIA.”

1.8. ASKED WHAT IS THE PRESENT EXPENDITURE FOR  
LAYING 1 KM. OF TRACK OF RAIL, ROAD AND WATERWAY,  
THE CHIEF ENGINEER-CUM-ADMINISTRATOR (SHRI DIKSHIT).  
MINISTRY OF SHIPPING AND TRANSPORT STATED DURING

EVIDENCE THAT "I HAVE HAD MADE SOME CALCULATIONS BASED ON THE FIFTH PLAN FIGURES...INITIAL INVESTMENT REQUIRED FOR 1 KM. OF RAIL TRACK IS RS. 15 LAKHS; FOR 1 KM. OF ROAD RS. 4 LAKHS AND WATERWAYS RS. 1.48 LAKHS, IF WE HAVE TO DEVELOP A WATERWAY LIKE GANGA WHICH HAS LESS OF WATER DURING THE LEAN SEASON."

1.9. ENQUIRED WHETHER ANY RECENT SCIENTIFIC AND DETAILED STUDY OF THE COMPARATIVE COSTS OF RIVER, ROAD AND RAIL TRANSPORT HAD BEEN CONDUCTED, THE MINISTRY IN A WRITTEN REPLY STATED:—

"NO SUCH GENERAL STUDY HAS BEEN CONDUCTED BUT IN CONNECTION WITH THE SCHEME OF DEVELOPMENT OF NAVIGATION ON THANA-CREEK WATERWAYS, NCAER HAD WORKED OUT THE COMPARATIVE COST OF TRANSPORTATION BY RIVER AND ROAD. ACCORDING TO REPORT OF THIS STUDY SUBMITTED IN AUGUST, 1974, THE COST OF TRANSPORTATION BY INLAND WATERWAYS IN THIS SECTOR COMES TO 2.9 PAISE PER TONNE KILOMETRE AT 100 PER CENT UTILISATION WITH ONE UNIT OF 1000 TONNES COMPRISING OF 5 BARGES OF 200 TONNES CAPACITY EACH AND 5.5 PAISE PER TONNE KILOMETRE IN CASE OF 500 TONNE SELF-PROPELLED BARGE. THE CORRESPONDING FIGURE FOR TRANSPORTATION BY ROAD WAS 17.4 PAISE PER TONNE KILOMETRE BY TATA MERCEDES TRUCK."

1.10. **The former Secretary, Ministry of Shipping and Transport (Shri M. Ramakrishnaya)** during his evidence, while admitting that inland water transport was much cheaper, stated that "The whole question is that it is cheap provided certain things are done. The infra-structure must be built. . . . I have tried my best to get the funds but it has not been possible in view of the various priorities laid down."

#### *Future Prospects of Development of Inland Water Transport*

1.11. The Committee understand that the Government are working on the formulation of a comprehensive river valley plan for harnessing the Himalayan waters by constructing big canals stretching throughout the country. The Prime Minister reportedly has lent his enthusiastic support to this plan. This will open up a new era for the development of inland water transport in the country.

#### **B. National Transport Policy**

1.12. As far as in 1950 the Motor Vehicles Taxation Enquiry Committee emphasised the need for the formulation of a National Transportation Policy, coordinating all forms of transport. Since then a number of other



Committees have also reiterated the need for declaration of such a policy. In this regard the Inland Water Transport Committee (Bhagwati Committee) which submitted its report in October, 1970 recommended as follows:—

“It is high time that the Government of India enunciate a definite policy defining the role of each mode of transport viz., rail, road, inland water and pipeline in the transportation system of the country and lay down clear principles and procedures for their coordination and integration where feasible or necessary. The object of National Transportation Policy would be to bring about conditions for the development of all modes of transport in such proportions and combinations as would ensure that the return to the economy from investment in the transport system as a whole is maximised and the total transport needs of the community are met at each stage, at minimum cost to the economy. Declaration of a national transport policy will create a new impetus for development of a coordinated and integrated transportation system, which in turn, will make its contribution for the rapid development of the economy.”

1.13. The Estimates Committee in their 75th Report (Fifth Lok Sabha) on Transport Co-ordination (1975) noted that no action had been taken by Government till then and recommended the immediate enunciation of the policy, clearly laying down the role of the various modes of transport and short term and long term objectives and programmes for their development. In their action taken reply, the Ministry of Shipping & Transport informed the Estimates Committee in February, 1976 that:

“The preliminary views of the Ministries concerned with the other modes of transport (Railways, Civil Aviation) have been obtained. On the basis of these replies a paper is being attempted listing out the issues required for consideration. After the paper is finalised further consultation with these Ministries will be held and guidance of the appropriate Committee of the Cabinet obtained.”

1.14. Asked whether they had since pronounced the National Integrated Transport Policy, the Secretary, Ministry of Shipping & Transport stated during evidence that:—

“Earlier this question was taken up on 6th June, 1972 with the Planning Commission . . . . . We were told that the Commission was already seized of the matter and working on such a policy in consultation with the concerned Ministries and recommendations made by the Bhagwati Committee in regard thereto would be kept in view. Then this matter was again raised by the

Estimates Committee in 1975. Thereafter, a paper was attempted and in January, 1977 it was sent to the Planning Commission for comments or guidance. We were informed that the Planning Commission itself is considering setting up a high level Committee for formulating a National Transport Policy.”

**1.15. THE COMMITTEE NOTE WITH REGRET THAT ALTHOUGH 27 YEARS HAVE PASSED THIS VITAL ISSUE HAS NOT BEEN TACKLED THEREBY CAUSING INCESSANT CONFUSION AND ECONOMIC LOSS TO THE COUNTRY:**

1.16. The representative of the Planning Commission stated that their file relating to 1972 request of the Ministry was not readily available but he had gone through the file containing January, 1977 reference of the Ministry and found that “the first noting on that file was made in October, 1977” *i.e.*, after the Committee on Public Undertakings started examination of Central Inland Water Transport Corporation. The Secretary of the Ministry in this connection added that:—

“I had recently some discussion with Member, Planning Commission. A proposal, I hope, is under active consideration to appoint a Committee. I have submitted my remarks on that to Government. I am expecting that some decision will emanate from it. I have pointed out that detailed individual studies should be there. It should be a time-bound requirement. . . . . I hope, we will be able to do something.”

1.17. Asked how was it that the letter of January, 1977 from the Ministry to the Planning Commission received first attention only in October, 1977, he stated that in January, 1977 a recommendation was made and they (Planning Commission) did not look at it because perhaps elections were ordered but “it is getting on with the job now.” Continuing he said:

“I hope I will be involved in that because that is my proposal. I can only add my note to ensure that there is no delay.”

In a post evidence written reply the Ministry also stated that:—

“The Planning Commission had intimated on 20-1-1978 that it is considering to set up a high level Committee to formulate National Transport Policy, consistent with the new priorities, with particular emphasis on the development of rural sector and the expansion of employment opportunities.”

1.18. The Committee apprehend that there are powerful influential and resourceful people, particularly belonging to road transport lobby and foreign investment oriented road transport vehicles and other ancillary

manufacturers' spokesman who have been against the pronouncement of a national integrated transport policy.

### C. Progress of Inland Water Transport during Five Year Plans

1.19. Table below shows the financial provision made and the actual expenditure incurred on inland water transport during the various plan periods. THIS WILL GO TO SHOW THAT PEOPLE WHO HAD BEEN INCHARGE OF PLANNING AND THE ADMINISTRATIVE MINISTRY WERE NOT ENTHUSIASTIC ABOUT THE CHEAPEST MODE OF TRANSPORT i.e. INLAND WATER TRANSPORT, WHICH HAS BROUGHT RICH DIVIDENDS TO ROAD TRANSPORT, MOSTLY AT THE COST OF CONSUMERS:

(Rs. in lakhs)		
	Provision	Actual Expenditure
First Plan	Nil	Nil
Second Plan	143·32	72·34
Third Plan	548·00	307·40
Fourth Plan (Centrally schemes and centrally sponsored schemes)	900·00	674·00
Fifth Plan (Central schemes and centrally sponsored schemes)	2492·00	832·89* (actual upto 1976-77)

1.20. The Fifth Plan provision included Rs. 13.92 crores for central schemes (Rs. 12.23 crores for Central Inland Water Transport Corporation and Rs. 1.69 crores for other Central Schemes) and Rs. 11.00 crores for Central Sponsored Schemes (100 per cent loan assistance to State Governments) which have been undertaken by the State Governments on the basis of recommendations of the Bhagwati Committee.

1.21. During evidence, the representative of Planning Commission furnished the following three lists indicating the schemes/the allocations of outlay proposed by the Ministry and examined by the Planning Commission:—

- (i) List showing the outlay proposed and that recommended by the Planning Commission in the Annual Plans for the five years 1974—79 (Annexure.....I)
- (ii) List of Centrally sponsored inland water transport schemes examined in Planning Commission (Transport Division) during the 3 years 1974—77 (Annexure.....II).

\* Ministry of Shipping & Transport informed that anticipated amount for 1977-78 was Rs. 249·46 lakhs & B.E. proposed for 1978-79 Rs. 300 lakhs.

- (iii) List of Central Schemes examined in Planning Commission (Transport Division) during the 3 years 1974—77 (Annexure . . . . .III).

(i) *Position of outlays in Annual Plans*

1.22. It will be seen from Annexure . . . I . . . that in the case of outlay for “addition to fleet/purchase of vessels by the Central Inland Water Transport Corporation the amount proposed by the Ministry in 1974-75 was Rs. 130 lakhs and the amount recommended by the Commission was Rs. 80 lakhs. There was continuing reduction year after year and for 1978-79 the provision proposed came down to Rs. 30 lakhs and the amount recommended by the Commission to Rs. 1 lakh only. Similarly in regard to outlay for “other facilities for navigation etc.”; the amount proposed by the Ministry in 1974-75 was Rs. 48 lakhs and the amount recommended by the Commission was Rs. 4.5 lakhs. The amount proposed as well as allocated came down to a trifling amount of Rs. 5 lakhs in 1978-79.

1.23. Explaining this the representative of the Planning Commission stated during evidence that:—

“There is continuing increase in the reduction because when they came for the annual plan discussion, it is the usual practice to ask for the expenditure incurred in the previous year . . . So, if there is considerable shortfall in expenditure, the Commission takes the view that the money may be diverted to welfare sectors like education. Even the original allocation in the Fifth Plan for inland water transport would not be fulfilled. It was Rs. 24.9 crores and the likely expenditure would not exceed Rs. 16 crores.”

In regard to allocation for other facilities for navigation etc., he stated that:—

“From 1974-75 to 1977-78, the total allocation, even after drastic reduction comes to Rs. 27 lakhs against which the expenditure is Rs. 21 lakhs.”

1.24. THE FORMER SECRETARY OF THE MINISTRY OF SHIPPING AND TRANSPORT (SHRI M. RAMAKRISHNAYYA) WHEN ASKED AS TO HOW WAS IT THAT MANY OF THE MINISTRY'S PROPOSALS HAD BEEN TURNED DOWN BY THE PLANNING COMMISSION OR KEPT IN COLD STORAGE ON ONE PRETEXT OF THE OTHER, STATED:—

“I certainly put my proposals before them. But they (Planning Commission) have constraints of resources and they in their wisdom take an overall view of the situation and give a lower priority to some of my proposals, I cannot help it.”

(ii) *Position of Centrally Sponsored Schemes*

1.25. It will be seen from Annexure. . . . II. . . . that out of 16 centrally sponsored schemes examined by the Commission during the 3 years 1974-75, 7 schemes were approved and in respect of 9 schemes additional information was asked for from the Ministry.

1.26. In the case of one of these schemes *i.e.* Creation of Terminal facilities at Alleppey, Kerala), additional information was asked for on 19-8-1974 and in the case of another scheme (Development of Thana Creek—Dharamtar Creek inland waterway), the Commission examined and re-examined the scheme four times, but still asked for additional information.

1.27. The Committee cannot but express their apprehension that the planners at that time, for reasons best known to them, have shown a very step-motherly treatment to inland water transport although they were fully aware of the fact that this was the cheapest mode of transport and could go a long way in putting a check on the galloping price rise that was prevailing at that time. This requires a very careful probe to confirm the Committee's apprehension that it was only due to pressure of powerful road transport lobby that inland water transport was not even allowed to grow and have its due share of business leading to greater exploitation of masses.

1.28. Asked why did they not provide the additional information in time, the Chief Engineer-cum-Administrator in the Ministry of Shipping and Transport (Shri Dikshit) gave an evasive reply and said:—

“In many cases we have to refer it to the State Governments. In most of the cases information had been given.”

Even the Inland Water Transport Directorate itself, the Committee have serious doubts, is not interested in the growth and development of inland water transport.

1.29. Regarding scheme for creation of Terminal facilities at Alleppy, Kerala in respect of which additional information was asked for by the Commission on 19-8-1974, he stated:—

“It is not a sanctioned scheme. This was not included in the Fifth Plan Schemes.”

1.30. In regard to the Thana-Creek Scheme, which had been subjected to examination four time by the Commission, he (Shri Dikshit) stated that a Committee of experts prepared a feasibility document on this scheme which was referred to the Planning Commission but it was sent back to the Ministry saying that it should come in the form of a proposal from the Maharashtra Government with estimates etc. prepared in the form of a project report. The representative of the Planning Commission (Shri Bagla), admitted that back references should not be more than one in the case of any scheme.

1.31. When pointed out that this showed a shocking lack of will, the Joint Secretary, Ministry of Shipping and Transport (Shri Mahajan) stated:

“When the State Governments prepared their projects, the Planning Commission wants to see that they are financially viable. Where competition with the Railways is involved the railway freight for those commodities being low, the projects at that rate do not come out to be viable. That is our problem.”

He felt that unless a policy decision was taken by Government to allow subsidy for inland water transport, the problem cannot be solved.

1.32. The Committee consider this was a mere guess work only since no exercise worth the name was conducted. This statement also contradicts the statistics and facts that are in possession of the Committee and therefore remains un-acceptable.

1.33. When asked how was it that the Government-owned Assam Inland Water Transport, with a small investment, had made a profit of Rs. 12 lakhs in one year, he said:

“I am not saying that it cannot be done. I am only pointing out the difficulties that we have found in practice. Time and again the schemes are coming back and forth, examination and re-examination, and so on. The schemes get stuck up with that one point, while the Planning Commission requires that the scheme should be financially viable, the State Governments authorities who prepare those schemes find that the scheme cannot be viable. Of course, some schemes would be viable.”

1.34. WHEN POINTED OUT THAT THEY WERE BEST EQUIPPED TO COMPETE WITH OTHER MODES OF TRANSPORT AS TRANSPORTATION THROUGH WATER WAS UNDOUBTEDLY THE CHEAPEST AND 10 PER CENT OF THE ROUTES MIGHT BE RUNNING AT A LOSS BUT 90 PER CENT WOULD RUN AT A PROFIT, HE ADMITTED “THAT ARGUMENT IS VALID”, BUT FELT “WHERE THERE IS A COMPETITION, SOME POLICY DECISION IS REQUIRED.”

1.35. THE COMMITTEE ARE FIRMLY OF THE OPINION THAT INLAND WATER TRANSPORT RUN WITH REASONABLE EFFICIENCY AND HONESTY AND ONCE THE ROUTES ARE SETTLED DOWN THERE CAN BE NO TWO OPINIONS ABOUT ITS VIABILITY AND PROFITABILITY.

(iii) *Position of Central Schemes*

1.36. It would be seen from Annexure III that out of 7 Central schemes examined by the Commission during the last three years

1974—77, only two schemes were approved; in respect of four schemes the Commission sought further clarification from the Ministry and one scheme was deferred to the Sixth Plan.

1.37. In the case of one of these schemes (operation of inland water transport service on selected stretches of Ganga in Bihar and Uttar Pradesh by Inland Water Transport Directorate) clarification was sought on 25th September, 1975; in case of other scheme (undertaking of traffic surveys on important waterways in India) clarification was asked for on 25th February, 1977, and in case of another scheme (operation of ferry service across Ganga near Rishikesh, U.P. by Inland Water Transport Directorate) on 5th March, 1977. None of these schemes have progressed any further.

1.38. This confirms the apprehension of the Committee that there was no derth of persons in authority who were totally against Inland Water Transport which would have posed serious threat to the road transport operators, should it have been allowed to grow.

1.39. Regarding the scheme for undertaking traffic surveys on important waterways, in respect of which clarification was sought by the Planning Commission on 25th February, 1977, the representative of the Commission stated that in their note to the Ministry they had commented as follows:—

“The justification for sharing of cost of traffic studies and surveys with the State Governments as proposed by the Ministry is not clear. . . . Normally the cost of these studies and surveys should be met from the State Plan funds unless the routes involved are of inter-state nature or of national importance.”

1.40. When pointed out that this aspect would have been clear from a study of the Bhagwati Committee Report, the representative of the Ministry (Shri Dikshit) stated that in their original note to the Commission they had said what was given in that report. The representative of the Planning Commission (Shri Bagla) admitted that their query was “not very relevant but they (Ministry) could have replied back within these 10 months”.

1.41. This will speak for itself the role played by persons in authority both in Planning Commission as well as in Inland Water Transport Directorate. The Committee appreciate the forthrightness of Shri Bagla who has joined the Commission very recently.

1.42. In this connection the Committee also note with deep regret from a post evidence reply furnished by the Ministry that though the Bhagwati Committee recommended urgent undertaking of Hydrographic surveys of the various waterways so as to exploit them fully for commercial navigation, no tangible results have been achieved in this direction

so far. The Ministry stated that in implementation of this recommendation they advised the various State Governments to undertake such surveys under the State Plans but:—

“None of the State Governments other than Jammu & Kashmir approached the Central Government for technical assistance. Jammu & Kashmir had asked for a hydrographic survey. The Government of Jammu and Kashmir had asked for a hydrographic surveyor being deputed to the State for conducting these surveys. The State Government was informed that it should send its officers to the regional offices of this Directorate (I.W.T. Directorate) at Patna for technical training in the field of hydrographic survey. The State Governments could not, however, depute any of its officers for training. The minor ports survey organisation of the Ministry of Shipping and Transport has, therefore, agreed to carry out hydrographic surveys of the rivers in the State of Jammu and Kashmir, for which the cost will be borne by the State Government.”

1.43. In any case the Central Government did not come forward to help the only State which had asked for the services of technical assistance for conducting a hydrographic survey. The Committee also note that the State Governments, with few exceptions, have shown similar attitude to inland water transport as their counterpart at the Centre have done.

1.44. In regard to the scheme for operation of inland water transport ferry service across Ganga near Rishikesh by Inland Water Transport Directorate, in respect of which clarification was sought by the Planning Commission on 5th March, 1977, the Chief Engineer-cum-Administrator (Shri Dikshit) stated:—

“The proposal was initiated in the Ministry. It was suggested that it should be run by the State Government. So we have referred it to the State Government.”

This is indeed a clever way of passing the buck.

(iv) *Road Transport Lobby*

1.45. IT WAS BROUGHT TO THE NOTICE OF THE COMMITTEE THAT THERE IS A POWERFUL PRIVATE ROAD TRANSPORT LOBBY, I.E. A GROUP OF ROAD TRANSPORT OPERATORS AND VEHICLE MAKERS WHO TOTALLY CONTROL THE TRANSPORT SYSTEM IN EASTERN AND NORTH EASTERN REGION, AND WERE OPPOSED TO THE EXPANSION AND EFFECTIVE FUNCTIONING OF THE INLAND WATER TRANSPORT. THIS LOBBY WAS REPORTED TO BE OPERATING EVEN AT THE HIGHEST LEVELS INCLUDING THE



PLANNING COMMISSION MINISTRY OF SHIPPING AND TRANSPORT AND ITS IWT DIRECTORATE. THIS LOBBY WAS REPORTED TO BE RESPONSIBLE FOR THE CLOSURE OF THE GOVERNMENT OWNED CENTRAL ROAD TRANSPORT CORPORATION AND WAS ALSO NOT ALLOWING THE CENTRAL INLAND WATER TRANSPORT CORPORATION TO COME UP. THIS WAS ALSO ADMITTED BY A NUMBER OF SENIOR OFFICERS OF THE CORPORATION DURING EVIDENCE PRIVATE BIG TRANSPORT OPERATORS WERE STATED TO BE AT THE BACK OF THIS LOBBY. ONE OF THE OFFICERS STATED "THEY FEED ALL ALONG THE LINE.....THEY ARE PAYING IN LAKHS."

1.46. ASKED WHETHER THERE WERE A SET OF PEOPLE WHO WERE NOT INTERESTED IN THE GROWTH OF INLAND WATER TRANSPORT IN THE COUNTRY, THE CHAIRMAN-CUM-MANAGING DIRECTOR (SHRI CHELLIAH) STATED:—

"WELL, MY EFFORTS HAVE FAILED BECAUSE I HAVE ALL ALONG BEEN TRYING FOR MONEY..... WHENEVER I MAKE A PROPOSAL FOR REVIVING IT (INLAND WATER TRANSPORT), I DO NOT SEEM TO GET MUCH SUPPORT. WHEN WE APPROACHED THE PLANNING COMMISSION, ITS SECRETARY SAID "WHAT? CIWTC? WHY DO YOU WANT MONEY FOR THIS? CIWTC SHOULD HAVE BEEN CLOSED LONG BACK." THERE WERE THE VERY WORDS UTTERED BY HIM IN THE MEETING."

1.47. In this connection, Shri Simeos, Member (Transport) in Railway Board, during evidence, stated:

"I entirely agree that there is a very powerful road transport lobby and an attempt to colour the picture in favour of road transport."

Asked, how this lobby functioned, he said:

"It uses media of the press apart from other methods."

1.48. Shri Sat Parkash, formerly Director (Transport) in the Planning Commission (now Economic Adviser, Railway Board), when asked whether he knew that there was a powerful road transport lobby in the country, stated during evidence:—

"Yes Sir, in the press and papers they have been accusing the Planning Commission that the road transport has been neglected and that outlays for road transport are low."

1.49. On being enquired as to which were the organisations constituting this lobby at the all India level, he stated that they were the All India Road Union Congress, Delhi and the Indian Road Transport Development Association, Bombay. He also admitted that in the Planning Commission,

the Secretary of All India Road Union Congress used to come to him when he was associated with the Committee on Transport and Coordination of the Commission.

1.50. Asked as to who constituted this lobby at the official level and whether it existed in the Planning Commission, he (Shri Sat Parkash) said that it consisted of "civil servants, politicians and others".

#### D. Other Aspects

1.51. The Committee also note that so far no tangible progress has been made by Government in regard to the implementation of the following important recommendations of the Bhagwati Committee Report presented to Government in 1970:—

##### (i) *Inland Vessels Development Fund*

1.52. The Bhagwati Committee recommended in 1970 that an Inland Vessels Development Fund may be established on the lines of the Shipping Development Fund for giving financial assistance to the inland water transport operators for acquisition of new craft, modernisation of existing vessels and mechanisation of the country boats.

1.53. Asked whether such a Fund had been set up, the Joint Secretary, Ministry of Shipping and Transport (Shri Mahajan) stated (in January, 1978 i.e. over 7 years after Bhagwati Committee Report was given) during evidence that they had been going to the Planning Commission with a scheme for the setting up of the Fund but "there have been queries." The representative of the Planning Commission (Shri Bagla) stated that they had suggested to defer it to the Sixth Plan. When asked whether the Ministry pressed for the scheme to be taken up now, the Joint Secretary of the Ministry stated that "even this year at the time of the annual plan we included it" but as a result of economy cuts imposed by the Finance Ministry all the new schemes, even those accepted by the Planning Commission "had to be dropped."

1.54. The Financial Adviser of the Ministry of Shipping and Transport (Shri Datar) clarified that following the instructions of Finance Ministry issued in May, 1977 for imposing certain economy cuts "we did an exercise. VARIOUS CUTS WHICH WE COULD THINK OF WERE SUGGESTED TO THE MINISTRY. BUT, BASICALLY, THE DECISION WAS LEFT TO THE MINISTRY."

HE ALSO STATED THAT "GENERALLY, IT HAPPENS THAT WHATEVER MONEY IS ALLOCATED FOR INLAND WATER TRANSPORT IT IS HARDLY USED. EVEN IN THE BUDGET ESTIMATES AND REVISED ESTIMATES MANY TIMES, I FIND THAT THERE IS UNDER—UTILISATION."

1.55. Asked why the inland water transport operators should not be brought within the purview of the Shipping Development Fund, in which case the rate of interest was stated to be 4½ per cent, the Joint Secretary, Ministry of Shipping & Transport stated:—

“The reasons is we have inland water transport all over the country. The Shipping Development Committee sitting here would not be suitable for that.”

The Committee did not understand this at all.

(ii) *Declaration of major waterways as national waterways*

1.56. The Bhagwati Committee recommended that “important waterways such as the Ganga-Bhagirathi-Hooghly, the Brahmaputra, the Mandovi and the Zuvari rivers and the Cumbarjue canal, the Mahanadi, the Godavari and the Narmada should be considered for declaration as National Waterways.”

1.57. According to a written reply furnished to the Committee Government accepted this recommendation and appointed a Committee which in its report (January, 1974) prepared a draft of National Waterways Bill and suggested criteria for selecting waterways as National Waterways. The matter did not, however, progress further for one reason or the other.

1.58. In this connection, the Commander, Hooghly River Survey (Shri H. C. Malhotra) in his paper, referred to earlier has observed as follows:—

“The Ganga-Bhagirathi-Hooghly occupy an important position from the point of view of transport. The completion of navigation works at Farakka will open a new era and bring into existence an inland water route falling entirely within the Indian territory all the way from Haldia/Calcutta to places like Patna, Varanasi and Allahabad. This is bound to provide for cheaper movement of goods and assist in the economic development of the hinterland. The Ganga-Bhagirathi-Hooghly can be utilised for commercial navigation in its existing natural condition with normal bandalling at shoals and proper marking of the navigable route.”

(iii) *Need to keep navigational aspect in view in multi-purpose projects*

1.59. Both the Gokhle Committee (1959) and the Bhagwati Committee (1970) recommended that “whenever any multipurpose river valley project is undertaken, provision of navigation locks and other facilities required for development of water transport should be made so that ultimately it may be possible to utilise such facilities when the traffic develops.”

**(iv) Operation of Public Ferries across the Hooghly at selected sites**

1.60. Among the 46 specific schemes recommended by the Bhagwati Committee for development of inland water transport in various States, one was operation of public ferries across the Hooghly at 12 selected sites at a cost of Rs. 1.6 crores. The other was procurement of power-craft for communication in Sundarbans area at a cost of Rs. 28.35 lakhs.

In this connection, the Committee observed from the minutes of 63rd meeting of the Board of Directors of Central Inland Water Transport Corporation held on 21-9-76 that one of the members (Shri M. N. Kusari) raised a point whether Central Inland Water Transport Corporation Ltd. could not take up the running of a ferry service at various points on the river Hooghly and of a river transport service between Haldia and Farakka. The Board decided that "this matter be discussed in detail by the Chairman with Shri Kusari and action as necessary be taken thereafter."

1.61. Asked about reasons for delay in implementing the recommendation, the Chief Engineer-cum-Administrator (Shri Dikshit in the Ministry of Shipping & Transport stated during evidence that "at Hooghly one jetty had been sanctioned between Howrah and Calcutta."

When pointed out that Bhagwati Committee Report recommended 12 ferries and that it showed lack of will to implement recommendations of that Committee which was set up by Government, he stated:—

"As far as ferry is concerned, when I took over here, the Fifth Plan had been finalised and one ferry for that had been provided at a cost Rs. 56 lakhs. The West Bengal Government has taken time to implement that scheme and now the cost has increased."

1.62. The Committee note with regret not only the absence of will but there was positive effort to put hinderance on one excuse or the other towards the growth of inland water transport.

1.63. The Committee also discussed with representatives of Inland Water Transport Directorates of certain State Governments the progress made by them in implementing recommendations of the Bhagwati Committee. Practically all of them (as anticipated) stated that they had not been able to make much headway due to financial bottlenecks.

1.64. The Committee anticipated this sort of a situation since the attitude of some of the State Governments were no better than what it was with the Central Government.

**E. Inland Water Transport Directorate**

1.65. The Committee note that in the Ministry of Shipping and Transport there is an Inland Water Transport Directorate, which was set up by..

a Resolution in 1965, to deal with the various aspects of development of inland water transport in an efficient and coordinated manner. This Directorate is at present headed by a Chief Engineers-cum-Administrator, who is a civil engineer and has no practical experience of inland water transport. It also came to the notice of the Committee during evidence of the representatives of the Ministry of Shipping and Transport that at present the Ministry had no transport Economist.

1.66. In this context the Committee noted that Shri H.C. Malhotra, who worked as Secretary to Inland Water Transport Committee (Bhagwati Committee), was deputed to U.S.A. and other European countries to make a study of inland water transport in those countries. He was now entrusted with the work of river surveys in Calcutta Port. During his evidence before the Committee, he stated that:

“My education or specialisation in this particular field has not been utilised.”

1.67. The Committee note that Inland Water Transport, which is an ancient, dependable and the cheapest mode of transport, continues to play a vital role in the transportation system and economic development throughout the world. This is because of its several inherent advantages over other modes of transport. It is well recognised all over the world that inland water transport is the cheapest mode of transport. While the initial investment on providing 1 Km. of track of rail is about Rs. 10 lakhs, and of road Rs. 4.5 lakhs, it is only Rs. 2 lakhs in the case of inland water transport and that too on waterways which have less of water during the lean season. Similarly while the maintenance cost per km. of track per year is Rs. 9,600 for rail, Rs. 4,500 for road, it is as little as Rs. 1,000 for inland water transport. Furthermore the basic requirement of traction viz. energy—whether it is fuel, oil, coal or electricity—to move an equivalent tonnage is far less on waterway and a barge has the lowest relative dead weight with a minimum of friction loss. One Horse Power is known to move 150 kgs. on road, 500 kgs. on rail and 4000 kgs. on water. Inland Water Transport is thus the least energy consuming system of transport.

1.68. What is more striking is that the transportation cost per tonne km. through water transport is nearly one-third of that of other modes of transport. According to the Inland Water Transport Committee (Bhagwati Committee) figures, the relative cost per tonne km. in 1970 in the Eastern region was 4.4 to 11.7 paise by rail, 10 paise by road and 2.5 to 5 paise by inland water transport. The current indications are that in the Western region it is 3 to 5 paise by water as compared to 17 paise by road.

1.69. The Committee felt that the most crucial problem that the country is facing today is the price rise in which transport cost of commodities is an important factor to be reckoned with. Inland water transport which is the cheapest mode of transport can greatly help in reducing

and stabilising the prices of commodities. Further, inland water transport provides employment to a large number of people, helps in promoting tourism, reducing congestion in big cities and protecting environment from pollution etc., besides having the advantage of no pilferage or breakage due to lack of vibration during transit. Above all, an efficiently operated inland water transport system, specially in the Eastern and North-Eastern Regions is indispensable from the defence point of view according to the highest echelon of defence authorities. Conservation of waterways, apart from facilitating the smooth running of inland water transport serves as a flood-control measure and also helps in the development of irrigation and pisciculture.

1.70. The Committee are, however, greatly perturbed to note that despite the obvious and great advantages of inland water transport and the fact that the country has been experiencing considerable difficulties in the sphere of transportation, its development has not been allowed. The implementation of the comprehensive river valley plan, to which the Prime Minister is reported to have lent his enthusiastic support, will, it is hoped, open up new vistas for the development of inland water transport. The Committee require that the inland water transport system should be put to effective use with utmost speed.

1.71. The Committee are concerned to note that although the formulation of a co-ordinated National Transport Policy was emphasised as early as in 1950, no progress has been made in this regard and the matter has been hanging fire for the last 27 years. The Committee strongly recommend that the Government must pronounce the national coordinated and integrated transport policy, defining the role of each mode of transport, within three months of the presentation of this report.

1.72. The Committee would further suggest that while formulating this policy, Government may keep in view the feasibility of specifically earmarking for water transport all items of cargo which could be carried by water transport.

1.73. The Committee are surprised to note that the allocations made in the various Five Year Plans for inland water transport have been negligible. Even the meagre amounts that were made available, have been deliberately left unutilised. Due to considerable shortfall in expenditure as compared to allocation, there has been a continuing reduction in Annual Plans both in the amount proposed by the Ministry and the allocation agreed to by the Planning Commission e.g. for 'addition to fleet/purchase of vessels by Central Inland Water Transport Corporation', the amount proposed by the Ministry in 1974-75 was Rs. 130 lakhs and the amount recommended by the Commission Rs. 80 lakhs. By 1978-79 the proposed amount came down to Rs. 30 lakhs and the amount recommended by the Commission to Rs. 1 lakh only.

1.74. The Committee recommend that the reasons for the non-utilisation of provision in full should be gone into in depth and corrective measures taken immediately to ensure that the allocations for inland water transport in Five Year Plans and Annual Plans are fully utilised.

1.75. The Committee note deep anguish that out of 16 Centrally sponsored schemes examined by the Planning Commission during the 3 years 1974-77, seven schemes were approved and in respect of 9 schemes the Commission made back references, and asked for additional information which was still awaited from the Ministry and which in one case is pending since August, 1974. In the case of another scheme, the Commission examined and re-examined the scheme four times and still asked for further information. This shows how the tentacle of the anti-inland water transport lobby was having its way.

1.76. Similarly, out of 7 central schemes examined by the Commission during the 3 years, 1974-77, two schemes were approved, one scheme was deferred to the Sixth Plan and in respect of four schemes, the Commission sought further clarification from the Ministry of Shipping and Transport, which was still awaited from the Ministry and in one of those cases it is pending since 25-9-1975.

1.77. The Committee are constrained to observe that time and again the schemes are examined and re-examined and are shuttled to and fro between the Planning Commission, the Ministry and the State Governments just to kill the time with the object of scuttling the schemes. This clearly shows how the authorities were obstructing the growth of inland water transport.

1.78. The Committee are clear in their mind that it is nothing but a calculated sabotage of schemes of economic importance and therefore, they would require the Government to institute a fact-finding probe to find out the role that each officer in the Ministry of Shipping and Transport including its Inland Water Transport Directorate and in the Planning Commission played to relegate the water transport to the back stage, so as to fix the responsibility for the lapse and to bring the erring officers to book.

1.79. The Committee are perturbed to note that for years files have moved to and fro and still complete information has not been furnished by one Central Government agency to another. No body seems to have cared whether the information asked for is received in time or not.

1.80. In the meantime, the most expensive form of surface transport, namely, road transport has grown disproportionately and in an unplanned manner which has contributed greatly to the price rise which is one of the biggest problems that the Government is facing today. The Committee have no reason to think that all these were not deliberately done.

1.81. The Committee have no hesitation whatsoever after going through the evidence in accepting the fact that there is a powerful and organised road transport lobby in Government, industry and also in media which has been attempting all these years to scuttle down efforts to develop inland water transport. This private road transport lobby seems to have been responsible for the closure of Government-owned Central Road Transport Corporation and was also not allowing the Central Inland Water Transport Corporation to come up.

1.82. The Committee cannot help feeling that the existence and influence of such a lobby in the Planning Commission, the Ministry of Shipping and Transport, its Inland Water Transport Directorate and other Governmental agencies is the main reason for lack of positive attitude and policy towards the growth of inland water transport in the country. This is why most of the schemes of inland water transport have been kept in cold storage or rejected on one pretext or the other, as has been stated earlier.

1.83. The Committee require the Government to ensure that these elements are not able to operate in a clandestine manner in the corridors of power in order to thwart the growth of inland water transport.

1.84. Furthermore the Committee would recommend that a C.B.I. inquiry be instituted immediately to unearth this road transport lobby and its modus operandi including the role of officers in the various Government organisations, so that the strangle hold of the lobby could be shaken off and the corrupt officers thoroughly exposed and brought to book.

1.85. The Committee have a feeling that the former Director (Transport) in the Planning Commission (Shri Sat Parkash, now Economic Adviser, Railway Board) is a votary and sympathiser of road transport and may have some link with the road transport lobby. Government may consider whether it would be desirable to retain such a person in the Railway Board.

1.86. The Committee are greatly surprised to find that inspite of specific recommendations of a national Committee, the Inland Vessels Development Fund has not been instituted even after a lapse of about eight years. This goes to show that the unseen hands of the Road Transport Lobby have successfully thwarted and obstructed the adoption of this financial measure, which could have gone a long way to help the growth of inland water transport. The Committee require the Government to take all possible initiative to bring into existence an Inland Vessels Development Fund with adequate finances in order to help entrepreneurs in the Inland Water Transport field, both in the public and private sectors, so that they may obtain liberal credit on 'Differential rates of Interest.'



Meanwhile these entrepreneurs should be allowed to make use of the Shipping Development Fund for meeting their requirements of finance. The Government should ensure this without fail.

1.87. The Committee need hardly emphasise the importance of declaring the important waterways as National Waterways as suggested by the Inland Water Transport Committee (Bhagwati Committee) as far back as 1970. They require the Government to enact the requisite Legislation before the end of this year.

1.88. The Committee would also suggest that designs and specifications of all future medium and big size canals should be so drawn up as to ensure navigability of waterways round the year.

1.89. The Committee further require that all the forty-six schemes recommended by the Inland Water Transport Committee (Bhagwati Committee) after considerable exercise should be taken up in hand for execution as indicated later in this Report.

1.90. The Committee also feel that the State Governments have neither the resources nor the expertise to undertake development of inland water transport. The development of inland water transport should, therefore, be the responsibility of the Central Government.

1.91. The Committee note that the Inland Water Transport Directorate in the Ministry of Shipping and Transport is headed by the Chief Engineer-cum-Administrator, who is a Civil Engineer and who has no practical experience of inland water transport. This may be one of the reasons why no progress in the development of Inland Water Transport in the country could be made. The Committee, therefore, recommend that urgent steps should be taken to place a knowledgeable person having an inland water transport background and necessary expertise and dynamism at the head of the Directorate, so that quick and clear decisions can be taken and the Directorate can find a new impetus to effective and efficient functioning of inland transport organisation. In view of all the unfortunate facts that have come to the notice of the Committee, it would be very much necessary that the Chief of the Directorate of the Inland Water Transport should be directly under the Secretary of Ministry of Shipping and Transport.

1.92. The Committee would also like Government to appoint a competent and academically qualified transport economist in the Ministry to evaluate the cost of each mode of transport scientifically.

## II

### SETTING UP AND OBJECTIVES OF THE CORPORATION

2.1 On the 22nd February, 1967, a new Rupee Company styled the Central Inland Water Transport Corporation Ltd., Calcutta, was incorporated to take over the assets and certain liabilities of the erstwhile Rivers Steam Navigation Company (R.S.N. Company) Ltd. under a scheme of arrangements which was approved by the Calcutta High Court on the 3rd May, 1967. On the same day, the R.S.N. Company Ltd. closed its business without winding up and the new Company took over all its assets, including its fleet in Assam. Thus the Central Inland Water Transport Corporation Ltd. started functioning as an independent company w.e.f. May, 1967 and commenced its business from 5th June, 1967.

2.2. The main objects of the Central Inland Water Transport Corporation as per its Memorandum of Association include inter-alia the maintenance and operation of Shipping, water transport, lighterage services and all ancillary services; undertaking and carrying on business of shippers, stevedores, ship repairers etc.

2.3. The present objects and functions of the Corporation are enumerated below:—

- (i) Movement of oil on behalf of Indian Oil Corporation from Haldia to Budge Budge/Paharpur.
- (ii) Opening of Calcutta-Haldia-Calcutta Services consequent on commissioning of Port of Haldia.
- (iii) Lighterage operations in Calcutta/Haldia Ports.
- (iv) Ferry Services in Calcutta on behalf of South-Eastern Railway and at Dholpur on behalf of Ministry of Shipping and Transport.
- (v) Dredging operations at Balagarh on behalf of Calcutta Port Trust.
- (vi) Shipbuilding, General Engineering and vessel repairs at Rajabagan Dockyard.
- (vii) Stevedoring at Calcutta Port (extension to Paradip Ports and other in the Eastern Coast is under active consideration).
- (viii) High Seas Grain Lightering operations in Calcutta and Bangladesh (no further imports of foodgrains are likely).
- (ix) Deep Sea Ship Repairs in Calcutta and Port Blair with workshops in both the places.

2.4. During the evidence of the representative of Central Inland Water Transport Corporation Employees Union (Shri R. N. Kusari), the Committee enquired as to what were his suggestions regarding the functions of the Corporation, the witness then stated:—

“The aim of Central Inland Water Transport Corporation should be to effect improvement and progress in water transport. That should be their main aim.”

2.5. The Committee pointed out to the Chairman-cum-Managing Director of Central Inland Water Transport Corporation during his evidence before the Committee that the main object of the Corporation was to establish, maintain and operate water transport services. When asked whether they agreed with this observation of the Committee, Chairman-cum-Managing Director stated:—

“The object is very clearly spelt out in the Articles of Association.”

2.6. The Committee note that Central Inland Water Transport Corporation was incorporated with the principal objective of carrying on the river transport business of erstwhile R.S.N. Company. The Committee, however, find that in the course of time the objectives of Corporation got “terribly mixed up” as a result of which the focus of activities changed from the running of river services to stevedoring, lighterage etc. They are of the firm opinion that with the wholesale diversification of activities, the Corporation has miserably failed to achieve the objective of operating inland water transport for which it was set up. .

2.7. Since the clarity in the overall objective is a pre-requisite for the efficient and effective management of a Company, the Committee recommend that the Ministry should take urgent steps to lay down precisely and clearly the objectives and obligations of the Corporation, which should primarily be the operation of inland water transport, so that the Corporation is left in no uncertainty about its goals and functions. The Committee need hardly emphasise that the infra-structure and where-withals for operating river services which are basically available with the Corporation, should be augmented wherever necessary and maintained in prime condition.

### III

#### RIVER SERVICES

##### a. Various Services and Tonnage Carried

3.1. As already indicated, the Central Inland Water Transport Corporation started functioning as an independent company from May, 1967 with the principal objectives of carrying on river transport business of erstwhile R. S. N. Company. At that time inland navigation between Assam and West Bengal *viz.* East Pakistan (now Bangladesh) had already stopped temporarily due to Indo-Pakistan hostilities in September, 1965.

3.2. With the emergence of Bangladesh, the river services business restarted in November, 1972 as a result of a Protocol on Inland Water Transit and Trade signed between the Government of India and Government of Bangladesh in November, 1972 (valued for 5 years). In the intervening period the principal operational work of the Corporation was the running of the Calcutta Lighterage and Ferry Services in the Hooghly river.

3.3 In November, 1972, Central Inland Water Transport Corporation resumed river services on Calcutta-Assam and Calcutta-Bangladesh routes and pressed into service the fleet taken over from the erstwhile R.S.N. Company. A significant development in the meanwhile was the opening of Farakka Barrage in 1971, as a result of which rail and road transportation developed tremendously between Calcutta and the North Eastern parts of the country and the normal traffic which should have actually come to the River Services was diverted to these modes of transport.

3.4. Jagighopa Port was intended to serve the trade between Calcutta and Upper Assam by rail-cum-river route and also to provide an alternative route for all Assam traffic.

3.5. Railways being the second cheapest mode of surface transport, that is what was decided once, it seems due to unknown reasons, which are not very difficult to guess, a huge railway marshalling yard and river dock that was built at an enormous cost, was left totally unutilised and the road transport grabbed the entire business. The dearest form of surface transport grabbed the entire business by completely depriving the Railways and the river services the two cheaper modes of transport altogether from carrying the cargo.

## MAIN CARGOES CARRIED

3.6. The main items of cargo which has been carried through various River Services, have been as follows:—

- (i) *Calcutta-Bangladesh*: Iron & Steel materials, machineries, spare parts, chemicals, empty glass bottles, rubber tyres and tubes, medicines, medicinal herbs, cotton yarn, tea shocks and fitting metal, bitumen/coal-tar, etc.
- (ii) *Bangladesh-Calcutta*: Jute, Newsprint.
- (iii) *Calcutta-Assam*: Iron & Steel material food-grain, heavy machineries, cement, salt, consumer goods and general cargo.
- (iv) *Assam-calcutta*: Tea, Jute, Mesta, Timber etc.
- (v) *Assam-Bangladesh*: Timber.
- (vi) *Calcutta-Cachar*: (which also served Mizoram and Tripura): General Merchandise, *bidi* leaves, tobacco, mustard oil, spices, iron & steel materials, piece goods, hardware, stationery etc.
- (vii) *Cochar-Calcutta*: Bamboo, Bamboo chips, Bamboo splints, Bamboo Mats and Tea.
- (viii) *Assam Internal*: Cement, Jute & Mesta.
- (ix) *Calcutta-Haldia-Calcutta*: Furnace Oil.

3.7. There had been temporary dislocation of the river services of the Corporation for which they have cited several reasons, including decline in traffic.

The Committee, however, think that there was enough cargo. Not only did the Corporation not make any attempts in this direction but they kept on refusing offers of carrying cargo between Calcutta and Assam and *vice-versa*.

### b. STUDIES MADE BY VARIOUS COMMITTEES

3.8. Since 1972, a number of studies have been made into the working of the Corporation, including its river services. Their main observations/recommendations having a bearing on river services are given below:—

- (1) *The River Services Committee Report (1972)*.

3.9. THIS COMMITTEE WHICH WAS SET UP BY THE MINISTRY OF SHIPPING & TRANSPORT IN JANUARY, 1972 TO ASSESS TRAFFIC PROSPECTS ON THE CALCUTTA-ASSAM ROUTE VIA BANGLADESH AND TO MAKE RECOMMENDATIONS ABOUT STRENGTHENING OF THE CIWTC'S FLEET, IN THEIR REPORT (1972) *INTER ALIA* MADE THE FOLLOWING OBSERVATIONS/RECOMMENDATIONS:—

- (i) THE TRAFFIC FROM ASSAM AND OTHER NORTH EASTERN STATES TO CALCUTTA MAY BE ABOUT 3

LAKH TONNES, TO START WITH. SIMILARLY THE TRAFFIC FROM CALCUTTA TO THE NORTH EASTERN STATES CAN BE ESTIMATED AT 3 LAKH TONNES. THE RIVER BORNE TRAFFIC BETWEEN INDIA AND BANGLADESH MAY BE OF THE ORDER OF 5 LAKH TONNES AND INDIA'S SHARE IN THIS TRAFFIC MAY BE ABOUT 2.5 LAKH TONNES. THE TOTAL TRAFFIC TO BE ACCOUNTED FOR BY THE RIVER SERVICES MAY THUS AMOUNT TO ABOUT 8.5 LAKH TONNES.

- (ii) THE TRADITIONAL ROUTES ON WHICH RIVER SERVICES CAN OPERATE ARE (i) THE ROUTE FROM CALCUTTA TO DHUBRI *VIA* THE SUNDARBANS THE PADMA AND JAMUNA AND (ii) FROM CALCUTTA TO SILCHAR *VIA* THE SUNDARBANS, THE MEGHNA AND KUSIARA. INTEGRATED RIVER-CUM-ROAD SERVICES CAN ALSO BE ORGANISED FROM CALCUTTA TO AGARTALA *VIA* ASHUGANJ ON THE MEGHNA.
- (iii) ALL THE IMPORTANT RIVER STATIONS IN BANGLADESH WILL ALSO BE EASILY ACCESSIBLE FROM CALCUTTA.
- (iv) THE EXISTING FLEET OF CIWTC AND TWO OTHER PRIVATE OPERATORS *VIZ.*, BANGAL ASSAM STEAMSHIP CO. LTD. AND THE INDIAN SHIPPING CO. LTD. CAN TOGETHER ENABLE THEM TO CARRY ATLEAST ABOUT 300,000 TONNES, INCLUDING 1.25 LAKH TONNES TO BANGLADESH AND AN EQUAL VOLUME IN THE REVERSE DIRECTION. THE CAPACITY OF THE OTHER OPERATORS IS NEGLIGIBLE. THE SHORTFALL IN TRANSPORT CAPACITY WILL ACCORDINGLY BE ABOUT 5,50,000 TONNES A YEAR INCLUDING 3,50,000 TONNES INTRA-COUNTRY AND 2,00,000 TONNES INTER-COUNTRY TRADE.
- (v) THE CURRENT FLEET CAPACITY IN THIS AREA WILL HAVE TO BE ENLARGED BY THE ACQUISITION OF 15 PUSHER TUGS AND 45 DUMB BARGES OF 500 TONNES CAPACITY EACH WHICH WILL, IN THE AGGREGATE, COST ABOUT RS. 18 CRORES IF A STANDARD DESIGN IS EVOLVED AND PROCUREMENT OF ENGINES ETC. IS ALSO DONE TOGETHER. IN ADDITION, 15 NEW BARGES COSTING ABOUT RS. 4 CRORES WILL ALSO BE REQUIRED TO REPLACE THE EXISTING BARGES WHICH ARE IN A DILAPIDATED CONDITION.

- (vi) ON THE ASSUMPTION THAT A TURN-ROUND ON THE CALCUTTA/ASSAM ROUTE WILL, ON AN AVERAGE, TAKE ABOUT THREE WEEKS' TIME, IT HAS BEEN ESTIMATED THAT AN ADDITIONAL FLOTILIA OF 15 TUGS AND 45 BARGES WILL ENSURE TRANSPORT CAPACITY OF ABOUT 3.5 LAKH TONNES PER YEAR.
- (vii) WHILE 45 BARGES MAY BE SUFFICIENT FOR MEETING THE SHORTFALL IN CAPACITY, 15 MORE BRIGES WILL BE NEEDED FOR REPLACEMENT OF SOME OF THE VERY OLD FLATS OF CENTRAL INLAND WATER TRANSPORT CORPORATION.

3.10. It seems neither the Ministry nor the Central Inland Water Transport Corporation took any notice of these recommendations and instead went on disposing of their vessels at an unseemingly haste at throw-away prices. The Committee have no machinery to verify the figures given in this Report but certainly agree that a start should be made on the basis mentioned above as early as possible.

(2) *Fernandes Report (1974)*

3.11. AT THE REQUEST OF THE MINISTRY OF SHIPPING AND TRANSPORT, SHRI P. J. FERNANDES, DIRECTOR-GENERAL, BUREAU OF PUBLIC ENTERPRISES AND SHRI N. RAJAN, ADVISER (FINANCE), BUREAU OF PUBLIC ENTERPRISES, LOOKED INTO THE AFFAIRS OF CENTRAL INLAND WATER TRANSPORT CORPORATION WITH REFERENCE TO ITS WORKING AS WELL AS FUNDS REQUIRED FOR FURTHER CAPITAL INVESTMENT. THE IMPORTANT RECOMMENDATIONS CONCERNING RIVER SERVICES WERE AS FOLLOWS:—

1. THE CENTRAL INLAND WATER TRANSPORT CORPORATION IS FOLLOWING THE POLICY OF GATHERING CARGO UPTO THE MAXIMUM LOADING CAPACITY OF THE VESSEL BEFORE ORDERS FOR SAILING ARE GIVEN. (THE POLICY OF THE COMPANY VERY MUCH RESEMBLES THE PRACTICE WHICH WAS FOLLOWED BY PRIVATE SECTOR PASSENGER BUS TRANSPORT OPERATORS MANY DECADES AGO WITHOUT ANY SCHEDULE SERVICES AND THE BUS DRIVERS WOULD WAIT UNTIL THE BUS WAS FULL BEFORE STARTING UP). BECAUSE OF THIS POLICY THE CREDIBILITY OF THE ORGANISATION HAS VERY GREATLY SUFFERED AND QUITE OBVIOUSLY THE SHIPPERS ARE QUITE UNWILLING TO ENTRUST THEIR CARGOES TO THE CENTRAL INLAND WATER TRANSPORT CORPORATION

BECAUSE OF THE IRREGULARITY AND UNDEPENDABILITY OF ITS SERVICE. THUS EVEN THOUGH RAIL TRANSPORT IS MARGINALLY COSTLIER AND IN SOME CASES INVOLVES TRANSHIPMENT, IT IS PREFERRED. WE HAVE NO DOUBT IN OUR MIND THAT IF A REGULAR SHIPPING SERVICE STARTS PLYING BETWEEN CALCUTTA AND GAUHATI AND CALCUTTA AND NARAYANGANJ AND IF THE SHIPPING SCHEDULES ARE PRE-ANNOUNCED THE TRAFFIC WILL GRADUALLY BUILD UP BECAUSE OF THE PREFERENTIAL RATES OF TARIFF WHICH CENTRAL INLAND WATER TRANSPORT CORPORATION CAN CERTAINLY OFFER.

2. CALCULATIONS SHOULD BE MADE FOR EACH SHIP INDICATING THE MINIMUM CARGO WHICH SHOULD BE CARRIED IN ORDER TO COVER THE DIRECT OPERATION COSTS OF THE VOYAGE. IF IRREGULARITY OF SERVICE IS TO COMMENCE, WE FURTHER RECOMMEND THAT IN THE INITIAL STAGES IT MAY BE EVEN DESIRABLE TO RUN THE SERVICE WITHOUT FULL CARGO IN ORDER TO RECREATE PUBLIC CONFIDENCE.
3. IF THE SHIPPING BROKERS ARE GIVEN A DEFINITE SCHEDULE OF SAILINGS, IT WOULD BE POSSIBLE FOR THEM TO ORGANISE ADEQUATE CARGO FOR EACH SAILING. THE ESSENCE OF THE OPERATION MUST BE A GUARANTEE OF SAILING ON A PARTICULAR DATE. THE COMPANY SHOULD NOT MAINTAIN, IN OUR OPINION, AN ELABORATE TRAFFIC AND COMMERCIAL SET UP AT LEAST IN THE INITIAL STAGES.
4. WHAT IS MOST IMPORTANT IS THAT IF THE VOYAGE TURN AROUND TIME IS REDUCED SAILINGS FROM CALCUTTA CAN BE INCREASED AND THIS WOULD IMPROVE THE TRAFFIC CREDIBILITY OF THE COMPANY *VIS-A-VIS* THE SHIPPERS. ALTERNATIVELY, AS THE FLEET IS DEPLETED AND EXCESS CREW ARE AVAILABLE, IF TECHNICALLY FEASIBLE, ADDITIONAL MEN COULD BE POSTED TO THE OPERATING VESSELS TO FACILITATE NIGHT PLYING.
5. THERE WAS AN INCENTIVE SCHEME TO ENCOURAGE THE CREW TO COMPLETE FASTER VOYAGES. THE INCENTIVE TOOK THE FORM OF CASH PAYMENTS AS WELL AS THE AWARD OF PENNANTS. THE SHIP CREWS HAD DEVELOPED COMPETITIVE SPIRIT TO



REDUCE THE VOYAGE TIME BOTH FOR FINANCIAL AND PRESTIGE REASON. IT SEEMS A GREAT PITY THAT THE INCENTIVE SCHEME WAS DROPPED. ANY SUCH INCENTIVE SCHEME WHICH IS DIRECTLY RELATED TO BETTER UTILISATION MUST INEVITABLY IMPROVE THE FINANCIAL PROSPECTS OF THE COMPANY. WE RECOMMEND THAT SUCH AN INCENTIVE SCHEME BE DEvised AND RE-INTRODUCED.

6. LONG TERM CONTRACTS BE ENTERED INTO WITH SOME MAJOR COMPANIES LIKE COAL MINE AUTHORITY OF INDIA, TEA TRADING CORPORATION, CEMENT CORPORATION OF INDIA, MAJOR TEA PLANTATIONS, THE VARIOUS DEPARTMENTS OF THE ASSAM GOVERNMENT SO AS TO ENSURE REGULARITY OF CARGO AVAILABILITY IN ADDITION TO WHAT IS DESCRIBED AS "BAZAR CARGO" WHICH IS MOVING FROM CALCUTTA TO ASSAM.
7. FOR EACH VESSEL UTILISATION LOAD FACTOR AND TOTAL EARNING PER KILOMETRE SHOULD BE WORKED OUT IN THE SHAPE OF NORMS AND SHOULD BE CAREFULLY MONITORED BY THE COMPANY. THIS COUPLED WITH INCENTIVES GRANTED TO THE WORKING STAFF WOULD IMPROVE THE OVERALL HEALTH OF THE COMPANY. THINKING ON THESE LINES IS UNFORTUNATELY SADLY MISSING IN THE COMPANY.

(3) *National Productivity Council Report (1975) on Economics of River Services.*

3.12. The National Productivity Council in their Report (1975) on Economics of River Services of the Corporation had *inter alia* the following observations/recommendations:—

(a) *Short Term measures*

1. River Services Division should be given the status of a separate entity headed by General Manager, under the overall administrative control of the Managing Director of Central Inland Water Transport Corporation.
2. The objects of the River Service Division should be defined in clear and unambiguous language.
3. Permanent station at Jogighopa should be closed down.

4. On improvement of fleet capacity of the Division, the station at **Neamati** should be re-opened.
5. Priority should be given to Calcutta-Cachar service and Calcutta-Assam service, and residual capacity should be deployed to Calcutta-Bangladesh service.
6. Arrangements should be made with road transport organisations for rendering door-to-door services.
7. Steps should be taken for traffic promotion through publicity, personal contract, mailing list, advertisements, appointment of cargo brokers, establishment of commercial intelligence cell, reconstitution of the Board of Directors of the Corporation.
8. Arrangement should be made for navigation in night.
9. A broad-based incentive scheme should be designed to reduce round trip time.

(b) *Long Term Measures*

1. *Elimination of Tax/hire charges Assam-carriage tax.*—The Division has to share freight revenue with Assam Govt. @ 10 paise per rupee of freight for the proportional distance carried through territory of Assam State, which amounts to Rs. 0.0174 per rupee of freight for traffic between Gauhati and Calcutta. The management should approach the Government of Assam which is also shareholder of the Corporation, for exemption from payment of this tax, which on materialisation will bring substantial relief to the Division.

*Port Charges.*—The Corporation should approach the Calcutta Port Commission (both of which happen to be under the administrative control of the Ministry of Shipping and Transport) for exemption from payment of port charges.

2. *Rationalisation of Routes*

*Calcutta-Assam Route.*—A few decades back the Calcutta-Assam Service was routed through the Bhagirathi-Padma-Jamuna Channel, which is shorter by about 300 km. over the present Calcutta-Sundarbans-Chandpur-Assam Route. The former route is also not subjected to the rough condition prevailing in the Sundarbans during the mousoon and is, therefore, suitable for smaller and weaker crafts.

*Calcutta-Tripura.*—Ashuganj on the Meghna is situated 890 kms. away from Calcutta and the nautical distance between Ashuganj and Karimganj is 329 km. Agartala in Tripura is connected with Ashuganj by road, and the distance is covered in

3 hours by truck. If the Bangladesh Government can be persuaded at appropriate time to allow the Division to use Ashuganj as transshipment point and also to carry cargo from Ashuganj to Agartala other areas of Tripura and Mizoram by road the latter areas can be served with quicker supply at cheaper transport cost. This arrangement will also eliminate the transshipment of Tripura/Mizoram cargo at Marcoli during the lower water season.

*Haldia.*—On commission of the Haldia Port the major traffic of Calcutta port will be diverted to Haldia. The latter will not only reduce the distance between Calcutta area and Assam/Cachar stations by about 160 km. but also put the river services in a highly advantageous position compared to rail transport and road transport.

*Insurance.*—At present cargo is not insured against damage/loss. This exposes the Division to the possibility of entertainment of huge claims. This is pertinent particularly when the vessels ply through a foreign territory where there is great law and order problems at present.

*Public Relations.*—One centralised small cell on public relation should be developed on the organisation, to keep the public well acquainted with the conditions of the organisation.

### (c) *Traffic Promotion*

3.13. In order to develop market with traditional users, to wean away shippers who have switched over to other modes of transport and adapted it, the following steps have been proposed:—

1. *Publicity.*—The name of the Corporation is not yet familiar with the shippers and the business community having trade links between Calcutta and North-Eastern India. All are not aware that the Corporation is operating regular services between Calcutta and Gauhati, and between Calcutta and Karimganj. It is recommended that in order to create awareness a 'River Services Day' should be observed. On this day, publicity should be carried through Press advertisement, conference with Shippers, distribution of well-designed publicity literature etc.
2. *Personal Contact.*—Personal contact is essential for transport salesmanship. At Calcutta, senior executive in the Commercial department should make a regular periodic personal contact with the senior executives in the marketing shipping departments of tea industry, commercial houses like ITC, Hindustan Lever, Dunlop, Assam Oil Company, Paper Mills, Pharmaceuticals companies, Public Undertakings like Food Corporation of

**India**, Fertiliser Corporation of India, Indian Oil Corporation, Oil and Natural Gas Commission, Jute Corporation of India, Minerals Trading Corporation, other Government undertakings using carrier services for bulk transport, construction agencies for bigger projects coming up (in the North-East Region) like paper Mills, cement Mills, petrochemical companies, power stations. Regular contact should also be maintained with Railway Authorities to get regular cement cargo, steel materials diverted cargo for Karimganj, from Steel Plants and also for despatch of Assam timber through River-cum-Rail route etc.....

3. *Mailing List*.—Mailing list should be maintained for all the tea gardens and shippers in the respective hinterland of each station in Assam. The tea gardens and shippers concerned should be intimated sufficiently in advance as to the expected date of arrival and sailing of each vessel. At Calcutta, mailing list should be maintained for shippers of general cargo.
4. *Advertisement*.—Schedule of arrival and departure of vessel should be announced through advertisement in local newspapers.
5. *Cargo Broker/Commission Agent*.—Cargo Broker/Commission Agent may be appointed for short period (2-3 years). Brokerage rate should be fixed commodity-wise.
6. *Commercial Intelligence*.—The Division should establish a commercial intelligence cell at Calcutta and Gauhati. This cell will be responsible for collection, processing and disseminate following types of information.
  - (i) Production statistics, commodity-wise.
  - (ii) Quantum of export of commodities from that are.
  - (iii) Mode of transport used, and share of each.
  - (iv) Facilities provided by various transport agencies.
  - (v) Freight rates for different commodities in different seasons.
  - (vi) Name of shippers.

(d) *Future alternative areas of operation*

3.14. In view of uncertainty and fluidity in political situation in Bangladesh, the following possible alternative areas of operation were also suggested by the National Productivity Council:—

- (i) *Calcutta-Patna Service*: On arrangements of the required facilities (like installation of lockgate at Jangipur canal, construction of shelter basis and Berthing jetties, installation of lights, signals,

mooring arrangements all of which may take another years), the River Services Division will be in a position to review the Ganga Despatch Service. The proposed service has the potentiality of carrying building materials Iron & Steel, Jute, Bamboo, Tobacco, Salt and provisions.

- (ii) *Calcutta Bazar Services*: may be opened to cater to the need of the towns and important producing centres on the banks of the Bhagirathi like Berhampur etc. Iron & Steel, cement, salt, sugar, provisions may be carried in upvoyages and Jute and agricultural products may be carried in Down journeys.
- (iii) *Passenger Services*: The possibility of opening passenger services. (including deluxe services for tourists) may be explored.
- (iv) *Passenger Ferry Services*: Possibility of operating passenger Ferry services in and around Calcutta area may be explored.
- (v) Possibility of carrying the river services operations in other perennial navigable rivers in the country should be examined.
- (vi) Possibility of operating coastal shipping services (which will necessitate acquisition of coastal vessels) should be explored.
- (vii) Possibility of operating oil tankers carrying furnace oil and lube oil from Haldia to Calcutta should be examined.

#### (4) *Calcutta-Haldia-Allahabad Service*

3.15. Shri H. C. Malhotra, Commander, Hooghly River Survey (who has also been Secretary of Inland Water Transport Committee, 1970), in his paper read out at a Seminar in Calcutta on 15.12.1977 has highlighted the desirability of operating Calcutta-Haldia-Allahabad Service in the following words—

“In spite of lack of maintenance, the Ganga-Bhagirathi-Hooghly rivers provide an excellent waterway for transport from Haldia/Calcutta to Farakka and from Farakka to Varanasi/Allahabad at the present stage. With the completion no navigation works at Farakka which are already in progress and the linking of the Ganga with the Bhagirathi-Hooghly through the feeder canal, it would be possible to operate commercial river services all the way down from Allahabad to Haldia—a distance of about 1520 Kms. There is no other waterway in the entire country which provides the potential of running commercial Inland Water Transport services on such a long route as this one.

The traffic potential will improve vastly after completion of Farakka navigation works in the near future. A preliminary examination of the origin/destination of the traffic of the ports of Calcutta

and Haldia shown that a large part of the cargo originates from and terminates at points on this route. All the jute mills are located along the Hooghly and so are the jute growing areas. the traffic in salt, cement, iron and steel goods, sugar stone, timber and general cargo originates from/terminates at points along this river route.....

\* \* \* \*

A fertilizer factory is coming up at Barauni in addition to the one proposed to be set up at Haldia and distribution points in this case also lie along the route. Raw material requirements for the fertilizer factory at Barauni imported from abroad, viz. rock phosphate and sulphur, could also be brought to Barauni from the Haldia port via the river route."

### **C. Strategic importance of Inland Water Transport in the Eastern and North-Eastern Region**

3.16. The Bhagwati Committee Report (1970) observed that "the physical and geographical conditions of the North East Region have been a serious obstacle to the development of overland means of communications. The natural waterways on the other hand offer convenient system to develop surface communication."

3.17. In the Memoranda submitted to the Committee by the various Unions of Central Inland Water Transport Corporation Employees, the imperative need for the maintenance and development of river services in the Eastern and North Eastern Region has been emphasised for the following reasons:—

- (i) From the strategic importance of the area and from the defence point of view, the river services should not only be maintained but expanded as fast as possible.
- (ii) During the conflict with China and the liberation of Bangladesh the fleet of Central Inland Water Transport Corporation was adequately utilised for transportation of men and material. When all other modes of transport were dislocated, inland water transport continued to function.
- (iii) Assam is very much susceptible to floods and rail and road communication is cut off during the monsoon. Assam is linked up with the rest of the country mainly through the means of river transport.

3.18. The Committee also heard the views of the representatives of the Ministry of Defence regarding the functioning of Central Inland Water Transport Corporation particularly in the Eastern and North-Eastern Regions from the strategic point of view. Asked whether the river transport could

play a vital role in meeting defence requirements in case there was a disruption of rail and road communication particularly in the areas where floods and other natural calamities occurred frequently, the Defence Secretary (Shri Gian Prakash-now Comptroller & Auditor General of India) stated:—

“You are very right that as far as the need for the development of river transport or the inland water transport is concerned, it is well-recognised and it will be in the larger interest of the country.”

3.19. On attention being drawn to the facts highlighted in the Bhagwati Committee Report (1970) that the water transport system was the cheapest, the Defence Secretary) stated that in the light of observations of the Bhagwati Committee they would make a fresh assessment of comparative costs of the various modes of transport.

3.20. Asked whether the witness would go to the extent of maintaining inland water transport fleet and also the navigability of the channels which could be handy to the defence people should an exigency arise, the Chief of General Staff (Lt. General Malhotra-now Chief of the Army Staff designate) state:—

“MY ANSWER TO THIS IS ‘YES’ IN CERTAIN AREAS. . . .  
 -----WE HAVE TO REACH SOME POINTS IN  
 FERRIES. IN THIS CASE, I ENTIRELY AGREE WITH  
 YOU. BUT IN SOME OTHER AREAS WHERE WE HAVE  
 NOT BEEN MAKING USE OF INLAND WATER  
 TRANSPORT WE HAVE PLANS OF USING RAIL AND  
 ROAD TRANSPORT. ALSO WHEREVER OUR DEPOTS  
 ARE LOCATED, IF THERE IS TEMPORARY BREAK-  
 DOWN IN THE RAIL OR ROAD TRANSPORT SYSTEM,  
 WE ARE ABLE TO LOOK AFTER OURSELVES TILL  
 THOSE BREAK-DOWNS ARE REMOVED. THEREFORE,  
 WE HAVE NOT REALLY GONE FURTHER IN REGARD  
 TO THE INLAND WATER TRANSPORT.”

3.21. Asked whether the Defence Authorities utilised the services of Central Inland Water Transport Corporation particularly during the Bangladesh war, and did they find their vessels alright, the witness stated:—

“During Bangladesh war we used a certain number of crafts (vessels), from the Central Inland Water Transport Corporation and these were used to operate in Bangladesh particularly to evacuate the refugees from there. . . . .As a means of transport they were quite alright because they were transporting about 60 to 70 prisoners of war. Those crafts came in handy.”

3.22. THE COMMITTEE THEN ENQUIRED THAT IF A PROPERLY WORKED OUT AND EFFICIENT INLAND WATER TRANSPORT SYSTEM WAS DEVELOPED, ESPECIALLY IN THE EASTERN REGION OR FOR THE STRATEGIC POINTS, COULD IT BE USED AS A THIRD LINE OF DEFENCE IN CASE OF EXIGENCY, THE WITNESS SAID, "YES, IF SUCH A SYSTEM IS IN EXISTENCE IT WILL CERTAINLY BE OF GREAT HELP TO US." WHEN ASKED WHETHER THE COMMITTEE SHOULD RECOMMEND TO THE GOVERNMENT THAT FOR THE EASTERN AND NORTH-EASTERN REGION PARTICULARLY, THERE SHOULD BE A NET WORK OF INLAND WATER TRANSPORT SYSTEM AND THOSE CRAFTS SHOULD BE IN OPERATION BECAUSE IN CASE OF EXIGENCY THE DEFENCE ORGANISATIONS WILL BE ABLE TO READILY UTILISE THOSE IN FURTHERING THEIR CAUSE, THE WITNESS STATED, "THAT, IS A VERY FAIR STATEMENT".

3.23. During evidence of the representatives of Inland Water Transport Directorates of various States, the Committee were informed by the Director, Inland Water Transport Directorate, Assam (Shri K. K. Gogoi) that the Central Inland Water Transport Corporation could easily get a minimum of one million tonnes of original traffic between Calcutta and Assam and thereby they could earn a revenue of Rs. 1.2 crores @ Rs. 12/- per ton. The following other main points emerged during his evidence:—

(i) *Calcutta-Assam Service*

3.24. On being pointed out that Central Inland Water Transport Corporation had stated they were not getting sufficient cargo or inducement for operating Calcutta-Assam-Calcutta Service and asked whether the plea taken by Central Inland Water Transport Corporation was correct, Shri Gogoi stated, "I don't think so". When enquired whether Central Inland Water Transport Corporation could run profitably their water transport service between Calcutta-Assam, Silchar etc., Shri Gogoi stated:—

"I think so, if they would have properly maintained their fleet of vessels."

3.25. Asked whether Assam Government was proposing to extend their river services to Calcutta, Shri Gogoi stated:—

"WE HAVE STARTED A SERVICE FROM GAUHATI TO CALCUTTA. THE TEA PEOPLE IN ASSAM ARE TAKING INTEREST TO SEND THEIR TEA FROM ASSAM TO CALCUTTA. SO, WE HAVE ALLREADY STATED IT. IT IS QUITE ENCOURAGING. IT TAKES ABOUT 18 HOURS WHICH IS A LITTLE MORE THAN BY ROAD TRANSPORT. BUT THIS IS CHEAPER THAN ROAD TRANSPORT AND THE TEA PEOPLE ARE VERY MUCH DELIGHTED.



THIS IS WHY THEY ARE NOW COMING FORWARD IN A BIG WAY—BROOKE BOND, LIPTON, AND OTHERS—TO BOOK THEIR TEA UPTO CALCUTTA.”

(ii) *Assam-Bangladesh Service*

3.26. ASKED WHETHER ASSAM INLAND WATER TRANSPORT HAD ANY DIFFICULTY IN RUNNING CARGO SERVICES TO BANGLADESH. THE WITNESS STATED:—

“NO WE NEVER HAD ANY DIFFICULTIES, IN FACT, THE CUSTOMS OFFICIALS IN BANGLADESH ARE ACTUALLY TOO EAGER TO HELP US.”

(iii) *Assam Inland Water Transport*

3.27. Asked whether Assam Inland Water Transport was running their services profitably and if so, how profitable was it, Shri Gogoi stated:—

“WE HAVE STARTED OUR COMMERCIAL SERVICES FROM JANUARY, 1975. ACTUALLY IT IS AN OFF-SHOOT OF BHAGWATI COMMITTEE REPORT. WE WANTED TO PROVIDE THIS COMMERCIAL SERVICE IN THE RIVER BRAHMAPUTRA AND BARAK. ACCORDINGLY FINANCES HAVE BEEN SANCTIONED BY GOVERNMENT OF INDIA UNDER A SPONSORED SCHEME TO CONSTRUCT A GOOD NUMBER OF VESSELS. WE HAVE STARTED OPERATION ONLY IN JANUARY, 1975 AND FROM THAT TIME ONWARDS, WE ARE OPERATING. OUR NET PROFIT IS ABOUT RS. 12 LAKHS PER YEAR. CONSIDERING THE EXPENDITURE IT IS ONLY A MARGINAL PROFIT. BUT SINCE IT IS ONLY IN ITS INITIAL STAGE, IT IS STILL ENCOURAGING FOR US AND WITH THIS ENCOURAGEMENT IN OUR MIND, WE WANT TO EXPAND OUR SERVICES FURTHER SO THAT THE CHEAPEST MODE OF TRANSPORT CAN BE MADE AVAILABLE TO THE GENERAL PUBLIC.”

3.28. Asked whether Central Inland Water Transport Corporation was not happy about Assam Government's running an independent service, the witness stated:—

“They have never mentioned about this thing because we do not compete with them. Our vessels are small vessels and their vessels cannot go to upper Assam because they have very big raft. That is why we mainly operate within Assam and near about areas of Bangladesh. So, the question of competition does not arise. Even if they operate, our interest does not clash at all.”

3.29. During the evidence of the representatives of the Central Inland Water Transport Corporation of the following points emerged:

**Calcutta-Assam Service**

3.30. On being pointed out that it had been brought to the notice of the Committee that Central Inland Water Transport Corporation could easily get a minimum of one million tonnes of traffic between Calcutta and Assam and thereby earn a revenue of Rs. 1.2 crores @ Rs. 12 per ton, the Chairman-cum-Managing Director (Shri Chelliah) stated:—

“I fully agree.”

Continuing he said “but with the closure of river route from Calcutta to Assam since the Indo-Pakistan war..... for seven years our crafts were lying idle. In the meantime, traffic between Calcutta and Assam had to move and so the Railways and Roadways have established themselves to such an extent that we cannot make a dent into them.”

This statement, the Committee on verification have found, has not legs to stand upon.

3.31. During the study tour of the Committee to the North-Eastern region, it was brought to their notice that Tripura Jute growers were bringing their jute to Calcutta by paying Rs. 24 a quintal, whereas through the water transport they could send it @ Rs. 8 per quintal, but their repeated business inquiries in this regard to the Corporation had not even been replied to by the Corporation.

3.32. Asked when Assam Inland Water Transport could earn a profit of Rs. 12 lakhs for running their services, what were the reasons for Central Inland Water Transport Corporation incurring losses on their river services, the Chairman-cum-Managing Director (Shri Chelliah) stated:—

“What we need is patronage of the Assam Government and other public sector undertakings, i.e. all their cargo should be moved by us. There is no question of not moving one million tonnes and at rates much lower than the railways or the roadways. But we must have funds from the Government to rehabilitate our old fleet.”

Continuing he said:

“We are trying to reactivate it (i.e. Calcutta-Assam Service). The proof of it is that we have commissioned Jagannathghat, which was closed for several years.”

The Commercial Manager (Shri Amrit Rao) stated:—

“We find that there is a possibility to explore the Calcutta-Assam route; but there are brokers who are anxious to operate on this route.”

3.33. Asked whether Central Inland Water Transport Corporation informed the Ministry that there was a great scope for Calcutta-Assam route and they could make a profit on that route, the Chairman-cum-Managing Director (Shri Chelliah) stated:—

“We have been requesting for the replacement of the whole crafts. But nothing came to us.”

*River Services—General*

3.34. When asked whether State Governments were approached and consulted before taking the final decision to close down river services, the Commercial Manager of Central Inland Water Transport Corporation (Shri Amrit Rao) stated:—

“We wrote several letters and there was also personal approach. Regarding Assam Government, the Chief Minister held a meeting and our Managing Director attended it. He said, unless we have the patronage of Assam Government and North-Eastern Region we will not be able to get enough cargo. We said they should give 25 per cent of all rail route traffic to rail-cum-river route traffic.”

3.35. WHEN FURTHER ASKED WHETHER CENTRAL INLAND WATER TRANSPORT CORPORATION WROTE TO ANY OF THE STATES IN NORTH EASTERN OR EASTERN REGION, THE CHAIRMAN-CUM-MANAGING DIRECTOR (SHRI CHELLIAH) STATED, “NO”. Asked whether Central Inland Water Transport Corporation also wrote to Defence authorities and the Public Sector People, the Commercial Manager (Shri Amrit Rao) stated:—

“We wrote to various bodies and various tea associations. We wrote to tea association of Silchar. This was on 16th May, 1972.”

3.36. The Committee are convinced that the present management of the Central Inland Water Transport Corporation had neither the intention nor made any effort to run the river services between Calcutta-Assam, Calcutta-Cachar and Calcutta-Bangladesh, instead they ignored enquiries after enquiries and to some extent they conveyed the clear refusal.

3.37. During the evidence of representatives of the Ministry of Shipping and Transport, the following points emerged:—

(i) *Rejuvenation of inland water transport service*

Asked about their views to rejuvenate and develop inland water transport services as fast as possible in the interest of economic development of the country especially backward, remote and isolated areas, and from security point of view, the Joint Secretary (Shri Mahajan) stated:—

“We certainly would wish the inland water transport to be developed throughout the country wherever it is possible and particularly in the north-eastern region and the eastern region.”

3.38. The Committee would like to point out after thoroughly examining the working of Central Inland Water Transport Corporation, that had there been minimum honesty and purposefulness in the management, the Central Inland Water Transport Corporation would have certainly been able to break-even inspite of certain problems that they had before them. The working results of Assam Inland Water Transport is a glaring example that in this region, particularly the Inland Water Transport, if managed properly and honestly, could be run on substantial profits.

(ii) *Modernisation of Fleet*

3.39. When asked as to why the funds were not released to Central Inland Water Transport Corporation for the acquisition of new vessels, the Ministry of Shipping and Transport, in a written note stated:—

“A total outlay of Rs. 506 lakhs was provided in the draft Fifth Plan for replacement of fleet/capital repairs to vessels of CIWTC. The Central Inland Water Transport Corporation has preferred to repair its vessels. The Government of India has accordingly given Rs. 362.50 lakhs from 1972-73 to-date (27-1-1978) for repairs of these vessels. The vessels available in running order with the Central Inland Water Transport Corporation have, however, never fallen short of the traffic offerings and the statements received from the Central Inland Water Transport Corporation from time to time have indicated that spare capacity was always available with them.”

(iii) *Commercial Viability/grant of subsidy for River Services*

3.40. The Bhagwati Committee (1970) had suggested that “development of inland water transport should not be viewed from considerations of commercial viability alone. The benefits to the economy and the people at large are equally important considerations in taking up the river services development projects.”

3.41. The Corporation was getting subsidy for losses incurred on Assam river service and the same was discontinued soon after the emergence of Bangladesh when normal River Services from Calcutta to Assam through Bangladesh was resumed.

In this connection Shri B. Bhagwati, former M.P. (who had been Chairman of the Inland Water Transport Committee, 1970) stated during evidence that:—

“IF YOU REALLY WANT TO DEVELOP INLAND WATER TRANSPORT, YOU SHOULD GIVE THEM SOME HELP FOR SOME YEARS. THE GOVERNMENT HAS TO GIVE SOME SUBSIDIES. THESE STEPS SHOULD BE TAKEN BY THE CENTRAL GOVERNMENT. WE ARE SUBSIDISING IN SO MANY OTHER CASES BUT NOT IN THIS CASE. GOVERNMENT SHOULD NOT THINK ON PROFIT BASIS ALONE. THEY SHOULD NOT SAY THAT IF THEY DO NOT EARN PROFIT THERE IS NO USE. IN MANY OTHER PUBLIC UTILITY SERVICES GOVERNMENT HAVE TO INCUR SOME LOSS FOR SOME TIME.”

3.42. The Committee also observed from the Ninth Report of the Railway Convention Committee of Parliament (1973) that according to the assessment made by the Ministry of Railways there were 127 uneconomic branch lines. The losses on the uneconomic branch lines year-wise excluding dividend from 1969-70 onwards were as follows:—

Year	Losses excluding dividend (Rs. in crores)
1969-70	7.12
1970-71	9.15
1971-72	9.88
1972-73	11.58
1973-74	10.98 (Estimate)
1974-75	14.29 ..

It was also stated that:—

“The uneconomic branch lines particularly on the narrow gauge do not hold out hopes of paying their way in view of low density of traffic, low speeds, disadvantages in the break of gauge transshipment, short leads of haulage, availability of parallel roads leading to severe competition from road, very large sums required to replace the old rolling stock and renew the track and increasing prices and wages. The State Governments are averse to the closure of even those lines which do not serve any useful purpose.”

**3.43. Another table showing the position of deficit/surpluses of various Railways during the last five years is given below:—**

(Rs. in thousand)

Railways	1973-74	1974-75	1975-76	1976-77	1977-78
1 Eastern Railway . . . . .	(-)48,5673	(-)52,9051	(-)46,4696	(-)27,3002	(-)22,8455
2 Northern Railway . . . . .	(-)21,6325	(-)27,4548	(-)15,4780	(+)17,9650	(+)27,0539
3 North Eastern Railway . . . . .	(-)16,5844	(-)25,2364	(-)29,0531	(-)26,3652	(-)24,4824
4 North East Frontier Railway . . . . .	(-)13,5444	(-)21,2582	(-)25,8988	(-)20,5867	(-)21,6657
5 Southern Railway . . . . .	(-)20,9012	(-)28,9245	(-)30,5764	(-)38,3483	(-)44,1053
6 South Eastern Railway . . . . .	(-)13,5849	(+)8,8734	(+)29,3322	(+)76,2201	(+)69,8084
7 Central Railway . . . . .	(+)20,2292	(-)26,3331	(+)39,6610	(+)66,5983	(+)77,5602
8 South Central Railway . . . . .	(+)2,4329	(+)10,2820	(+)16,1965	(+)21,7934	(+)16,1250
9 Western Railway . . . . .	(+)13,6085	(+)15,4356	(+)21,6127	(+)37,2090	(+)39,9855

If the philosophy of the Ministry of Shipping and Transport is followed, then the Railways running at a loss should have also been closed.

3.44. The Railway Convention Committee, after noting that in Britain and Canada, Railways were given grants to compensate them for the losses incurred on unremunerative lines, recommended, among other things, that the State Governments should come forward to meet the losses.

3.45. In this connection, the Public Accounts Committee (Fifth Lok Sabha) in their Hundred and Seventy-first Report (1974-75) had recommended as follows:—

“Top most priority should be given to construction at new lines in the areas where no lines have so far been constructed since independence. Since the construction of new lines in hilly, backward and underdeveloped areas is essential for the economic development of these areas, the Committee desire that the General Revenues and the Government should subsidise the Railways in the matter of construction of new lines in such areas just as some other incentives in the form of tax exemptions, provision of facilities, on a priority basis, are being given for accelerating the development of these areas.”

3.46. In their action taken reply to the above, the Ministry of Railways (Railway Board) stated as follows in August, 1975:—

“The Ministry of Railways have already presented their case to the Convention Committee in this regard in which exemption has been sought from the payment of dividend on capital cost of lines in backward areas and also for reimbursement of the operating losses on such lines.”

3.47. Giving the present position in this regard, the Minister of Railways (Shri Madhu Dandavate) informed the Lok Sabha in reply to a question on 14-3-1978 as follows:—

“The Railway Ministry had prepared a paper on provision of lines in hilly and Adivasi areas for the Planning Commission which was yet to finalise the proposal.”

3.48. This is a matter which should act as an eye opener to the Ministry of Shipping and Transport as well as Central Inland Water Transport Corporation authorities. Establishing of modes of communication is a bounden duty of a Government. Furthermore Inland Water Transport undisputedly is the cheapest mode of transport and for the North-Eastern Regions, in certain areas, it could be the only easy mode of transport. In this context the Committee were given to understand that when a steamer went to Gouhati, the lorry charges came down by Rs. 500/-. But the moment the vessel left Gauhati, the lorry charges shot up by Rs. 500/-.

It would, therefore, be only proper that the Government should proceed to organise immediately a proper Inland Water network instead of indulging in this imaginary profit and loss accounts.

3.49. Asked about the views of Government with regard to the grant of subsidy to river services and reasons for the withdrawals of subsidy on losses incurred on Assam Services of Central Inland Water Transport Corporation, the Ministry of Shipping and Transport in the written note stated:—

“The case of subsidy for Inland Water Transport is based on the fact that Railways subsidise their freights indirectly and that it is an undeveloped mode which needs subsidy during its period of development till it can take advantage of economies of scales of operations and lower its costs by application of latest technology. This is, however, a matter on which no decision has yet been taken by Government.

The subsidy for losses incurred on Assam services was started because direct service between Calcutta and Assam was disrupted. On the resumption of the normal river services between Calcutta and Assam in November, 1972 the subsidy was withdrawn.”

#### **d. Future Cargo Potentiality**

3.50. During the evidence of the representatives of the Ministry—the Adviser (Production) Bureau of Public Enterprises (Shri Bazle Karim) informed the Committee that the Government of India had decided to set up a 2000 MW Super Thermal Power Station at Farakka for which the requirement of coal would be to the extent of about 20 to 25 thousand tons per day.

3.51. When asked how was it proposed to transport the coal from Coal fields in West Bengal to Farakka, the witness stand:—

“This will be the largest operation and we have to plan it in such a manner that it is allocated between two or three modes of transport so that if one fails, the others remain operating and in our view the transportation should be distributed between the Railways, Inland Water Transport and also the Roadways, if necessary. We should not entirely depend on any one particular mode of transport.”

3.52. ASKED WHETHER THE WITNESS AGREED THAT WATER TRANSPORT SHOULD BE GIVEN THE HIGHEST POSITION IN THIS REGARD, THE WITNESS STATED “YES. THIS WILL BE IN VERY LARGE QUANTITIES AND THIS WILL BE THE CHEAPEST.” WHEN FURTHER ASKED WHETHER THE BUREAU



OF PUBLIC ENTERPRISES HAD TAKEN ANY ACTION IN THIS REGARD WITH THE MINISTRY OF SHIPPING AND TRANSPORT AND THE PLANNING COMMISSION THE WITNESS STATED:

“WE HAVE NOT YET STARTED. THE PROPOSAL IS JUST COMING UP. TWO OF THEM HAVE BEEN TAKEN UP ALREADY VIZ. SINGRAULI AND KORBA AND FARAKKA. THE WORK WILL START AT THE BEGINNING OF THIS YEAR.”

3.53. Continuing he said that the river Hooghly would be navigated right upto Patna once the Farakka Canal is ready. Agricultural products such as mangoes of Murshidabad, Malda and other products could be transported through water transport to centres within the country and abroad. Asked whether this proposition would be feasible, he stated:—

“That seems a very feasible proposition because we have the modern system of a containerisation. If we transport them in refrigerated vehicles, the same containers could be changed over to sea-worthy vessels in Calcutta and transported right upto the middle-east and other countries. The transportation cost in this regard would be 5 times more compared to water transport if there was a bulk transport.”

3.54. It was further stated that the rivers Ganga, Bhagirathi and Hooghly passed through many places of cultural, historical and religious interest. When asked whether the potentialities to exploit the tourist traffic through the river services had been explored, the witness stated:—

“THE NAVIGABILITY WAS NOT SO SURE AS IT IS NOW. IT IS NOW NAVIGABLE RIGHT UPTO MURSHIDABAD AND BEYOND AND WE HAVE ALL THE CULTURAL, HISTORICAL AND RELIGIOUS PLACES ON BOTH SIDES OF THE RIVER. FOR PEOPLE OF CALCUTTA WHO ARE SUFFOCATED TO A GREAT EXTENT IN A HIGHLY CROWDED CITY, IT WILL BE GOOD WAY OF HAVING SOME RELAXATION WITH FAMILY. THIS IS PRACTICABLE IDEA.”

3.55. The Committee note that the river services on Calcutta-Assam-Calcutta, Calcutta-Cachar (for Cachar-Mizoram-Tripura) and Calcutta-Bangladesh-Calcutta routes which were suspended in 1965 due to Indo-Pakistan hostilities were restarted by the Corporation in November, 1972.

3.56. The Committee are constrained to observe that the Corporation made no effort to maintain the river services profitably. On the contrary they went on declining cargo continuously through direct and indirect means to bring the whole river service business almost to a close.

3.57. The Committee are perturbed to note that in June, 1977 Government decided to close down Calcutta-Cachar, Calcutta-Assam and Calcutta-Bangladesh river services on the ground of lack of offerings and uneconomic operations. The Committee consider this decision of the Government unwise and very short-sighted. This should be rectified without any further delay.

3.58. This decision was not based on true and correct facts which could be corroborated from the factual analysis made by the River Services Committee, Fernandez Committee, National Productivity Council and Shri Malhotra. The Committee apprehend that the decisions to kill the water transport in this region was not due to lack of traffic offerings but because of pressure of road transport lobby. During the tour of the Committee to Tripura it was pointed out by certain responsible officers that a quintal of jute costs Rs. 24|- to be brought to Calcutta by road whilst by river service Karimganj-Calcutta freight would not exceed Rs. 8|- per quintal. Similarly all items of necessities which are to be taken from Calcutta for consumption in the remote areas are required to pay enormous amount as freight which ultimately spirals down on the consumer causing a big gap in the prices prevalent in that area and in Calcutta, the nearest market. For example for Cachar-Calcutta service there would be huge quantity of cargo available in consignments of tea, jute, mesta, timber, bamboos for paper mill and different other produce items. In fact this river service even could help the people in Manipur and Barak river regions in marketing their items which are sold for a fraction of their value because of lack of transportation facilities.

3.59. In this connection the Committee note that when a steamer used to go to Gauhati, the lorry charges came down by Rs. 500|-. But the moment the vessel left Gauhati, the lorry charges shot up by Rs. 500|- for Calcutta.

3.60. From various information that is in the possession of the Committee, the Committee is satisfied that there is ample scope for the River Transport in the regions mentioned above besides other regions, which if run properly and with initiative would turn out to be profitable and indispensable mode of transport, for the remote North-Eastern Region. Not only the service will be viable but it would bring immense economic benefits to areas like Cachar, Tripura and Mizoram which have hardly any direct communication with the nearest market in Calcutta other than the most expensive variety of surface transport that is road transport. Both the road and the rail transport have to go in a very circuitous and uncertain (due to land slides, floods etc.) route to reach Calcutta whilst for the river service it will be a traditional direct route and the transport cost will be only a fraction of what the road transport or even the rail transport would require the consignee to pay.

**3.61. The Committee recommend that—**

- (i) A special team should be constituted, which should include Naval Architects and Marine engineers, solely to find out ways and means to modify those vessels of Central Inland Water Transport Corporation which require modifications. The required repairs and modifications should be carried out at the Rajabagan Dockyard and, if necessary, at other local ship repair workshops on a 'war footing'. The Central Inland Water Transport Corporation should also acquire vessels from other undertakings|Government Departments including Railways either free or at as reasonable price as possible.
- (ii) Selling of vessels should be avoided as far as possible and as many vessels as possible should be made water-worthy through immediate repairs. No expenditure should be incurred which will not be a revenue earning one.
- (iii) For repair of the vessels funds should be provided from the Consolidated Fund, Financial Institutions and from Nationalised Banks.
- (iv) Such of the vessels as could be used without modification should be set to sail immediately, even if the vessels run at low speed.

3.62. The River Services Committee (1972) which was set up to assess traffic prospects on the Calcutta-Assam route via Bangladesh had inter alia estimated the traffic by river services from Assam and other North-eastern States to Calcutta and vice-versa at 6 lakh tonnes and India's share of river borne traffic between India and Bangla Desh at about 2.5 lakh tonnes which amounted to a total river borne traffic of about 8.5 lakhs tonnes. This Committee had also made various suggestions for rationalising the routes on which the river services can be operated as also for organising integrated river-cum-road services, besides, augmenting the existing fleet of the Central Inland Water Transport Corporation. Subsequently, Shri Fernandes, the then Director-General, Bureau of Public Enterprises had gone into the working of the Central Inland Water Transport Corporation in 1974 and had made various recommendations for bringing about improvement in the operation of river services by the Corporation. Shri Fernandes had inter alia recommended the running of regular shipping service between Calcutta and Gauhati and Calcutta and Narayanganj on pre-announced schedules, even if the service is run without the full cargo. He also inter alia recommended:

- (i) the appointment of shipping brokers to organise adequate cargo for definite schedules of sailing;
- (ii) reduction in the turn-round time of voyage;
- (iii) re-introduction of incentive scheme to reduce voyage time; and

- (iv) entering into long term contract with major companies like Coal Mines Authority of India, Tea Trading Corporation, Cement Corporation, Major Tea Plantations and various Department of Assam Government to ensure regular availability of cargo.

3.63. Even as late as 1975, the National Productivity Council had gone into the working of river services of the Corporation. The Council also inter alia recommended short-term and long-term measures for improving the river services by the Central Inland Water Transport Corporation. Among the various recommendations the NPC recommended are:

- (i) priority to Calcutta-Cachar service and Calcutta-Assam services;
- (ii) arranging with road transport organisation for rendering door-to-door services;
- (iii) undertaking river traffic promotional measures through publicity, personal contact, mailing list, advertisements, appointment of cargo brokers, establishment of commercial intelligence cell etc.;
- (iv) undertaking night navigation and introducing the incentive scheme;
- (v) among the long term measures, the Council recommended approaching the Assam Government and Calcutta Port Trust for seeking exemption from payment of Assam-carriage-tax as also port charges; and
- (vi) the Council also recommended rationalisation of routes between Assam and Calcutta, Calcutta and Tripura etc.

3.64. The Committee regret to observe that in spite of the laborious efforts made by the various study teams and their numerous useful suggestions no action appears to have been taken by the Ministry/Corporation to revive and develop river services. On the other hand the Ministry of Shipping and Transport were in search of some pretext to close down River services, obviously under the pressure of Road Transport Lobby. Despite the favourable recommendations of the Fernandez Committee and National Productivity Council for augmenting river services, Government had the matter further examined by Shri Bazle Karim, Adviser (Production), Bureau of Public Enterprises. He obligingly, it seems, recommended the winding up of the river services in a phased manner for which the Committee see no valid reasons.

The Committee feel that the decision taken in June 1977 after Shri Bazle Karim's inspired report to close down river services was motivated and is most regrettable.

3.65. The Committee are of the firm opinion that the closing down of the river services between Calcutta-Cachar and Calcutta-Assam etc., on the plea of lack of offerings and uneconomic operations is not only against the

long term national interest but will also hamper the development of the river services in the country which are the cheapest mode of transport. The Committee have no doubt that if vigorous action had been taken on the various suggestions made in this regard and sincere and determined efforts had been made by the top management of the Corporation, the river services of the Corporation would not have come to this sorry state of affairs. The Committee have already referred to the existence of a strong road transport lobby which appears to have succeeded in inhibiting the development of inland water transport in the country.

3.66. The Committee consider that it was utter indifference and the dismal lack of effective measures which were responsible for the closure of the river services by the Corporation. The sailings of the vessels were erratic without any fixed time schedule with the result that the credibility of the Central Inland Water Transport Corporation suffered greatly and shippers were unwilling to entrust their cargo to the Corporation on account of irregularity and undependability of the services. If the Corporation was serious and determined to restart the river services after a lapse of several years, the least that was expected of the Corporation was to make advance preparations to develop the services and approach the users by maintaining regular contacts and advertising the scheduled arrival and departure of vessels in local newspapers. No honest attempt in this regard seems to have been made by the present management of the Corporation and the Ministry who have had no interest in keeping the river services going. The result was that the river services were running into heavy losses on account of utter mis-management and rampant corruption which ultimately resulted into present state of affairs.

3.67. The Committee consider that Inland Water Transport which is very essential from the economic, social and strategic points of view should not only be revived but expanded as early as possible. They recommend that the river routes which have been closed down should be restarted.

In the first phase, Calcutta-Cachar, Calcutta-Assam and Calcutta-Bangladesh services as also service to Sunderbans should be started. Regular scheduled sailings, preferably weekly service, should commence and in all the places effort should be made to have river-cum-road coordinated services so as to make the services more attractive.

3.68. Patna Service which is at present run departmentally should be taken over by Central Inland Water Transport Corporation and run with a fresh outlook in all earnestness.

3.69. It is also recommended that a ferry service between Dahej (South Gujarat) and Bhavanagar (Saurashtra) should also be started. This will not only save a distance of 400 km. by road but will also save at least 24 hours' time besides minimising overall transport cost. This was strongly recommended by the Inland Water Transport Committee.

In the second phase, services from Calcutta to Durgapur through D.V.C. canal and Haldia-Allahabad should be started.

3.70. In the third phase, river services as recommended by the Inland Water Transport Committee (Bhagwati Committee) should commence. For the fourth phase, fresh survey of navigable waters should be carried out, with a view to expanding river services wherever possible.

Under no circumstances, Government should refrain from acting on the recommendations made above.

3.71. The Committee would like Government to subsidise the operational losses of the river services for a period of not less than 10 years, as is being done in case of operational of uneconomic Railway lines, so as to enable the river services to stand on their own legs and become viable and useful in course of time. It has to be recognised that the operation of river services in North-eastern region of the country is important not only from the economic and social points of view and during floods, when other means of transport like rail and road are dislocated, but also from the strategic and defence points of view.

3.72. The Committee further feel that inland water transport is not only a complementary mode of transport but also is the cheapest as it consumes the least energy. In this mode of transport the chances of pilferage and breakage are also the minimum.

The Committee further consider that shallow depths and shifting channels should not stand in the way of successful operation of river services in the country. Planned execution of river conservancy and stabilisation works based on proper hydrographic surveys and hydraulic research would provide for assured and improved channels for economic operation of Inland Water Transport. This will draw industries to the water front to enable them to take advantage of the cheapness of water transport. Instances of industries moving to water side locations in the USA and establishment of new plants along waterways are numerous. However, till such time the waterways are improved after proper surveys and conservancy works, inland vessels can be designed/modified to suit present channel dimensions.

3.73. The Committee have no doubt that with the advancement of modern technology it is very much possible to design suitable crafts for operation in shallow waters. The age-old method of paddle wheel propulsion at the rear of the vessel has proved its efficiency in shallow waters and stood the test of time not only on Indian waterways but in shallow waters all over the world. For improving efficiency marine diesel engine coupled to paddles at the rear should be used for all self-propelled cargo and passenger vessels as well as pusher tugs, wherever possible.

3.74. Infusion of new blood in the Corporation is very necessary and the Chief Executive of the Corporation must essentially be a young man

who has first hand experience in planning and management of inland water transport. The Committee have no doubt that with imaginative and honest management and undertaking of various promotional measures as also implementing the constructive suggestions of the various study teams, the river services will be able to attract a large volume of traffic and would definitely prove ultimately cheaper in this region.

3.75. The Committee would require the Government to make it mandatory for all Central Government Departments and Undertakings to provide cargo as much as possible to Inland Water Transport and Central Inland Water Transport Corporation. The State Governments should also be requested to patronise Inland Water Transport.

NEW DELHI;

April 22, 1978.

Vaisakha 2, 1900 (Saka).

JYOTIRMOY BOSU,

Chairman,

Committee on Public Undertakings.

# ANNEXURE-I

(Vide Para 1.21)

Statement showing the outlay proposed and that recommended by Planning Commission on the Annual Plans (1974-75 to 1978-79)

(Rs. lakhs)

Name of Scheme	1974-75		1975-76		1976-77		1977-78		1978-79	
	Propo- sed	Recom- mended	Propo- sed	Recom- mended	Propo- sed	Recom- mended	Propo- sed	Recom- mended	Propo- sed	Recom- mended
<b>C.I.W.T.C.</b>										
1 Development of Rajabagan Dockyard . . . . .	100.00	50.00	101.50	50.00	75.00	40.00	100.00	1.00*	10.00	10.00*
2 Replacement of Fleet/Capital Repairs to vessels . . . . .	50.00	50.00	170.00	125.00	140.00	125.00	120.00	100.00	30.00	30.00
3 Addition to fleet/purchase of vessels . . . . .	130.00	80.00	120.00	60.00	335.00	..	150.00	1.00*	30.00	1.00*
4 Other facilities (e.g.) Navigation/aids etc. . . . .	48.00	4.50	5.00	2.50	11.80	10.00	18.00	10.00	5.00	5.00
<b>TOTAL . . . . .</b>	<b>328.00</b>	<b>184.50</b>	<b>396.50</b>	<b>237.50</b>	<b>561.80</b>	<b>175.00</b>	<b>388.00</b>	<b>112.00</b>	<b>75.00</b>	<b>46.00</b>

@ Budgeted outlay

\* Token provision.



## APPENDIX II

(Vide Para 1.21)

*List of Centrally sponsored IWT Schemes examined in the Planning Commission, Transport Division during 1974-75.*

Name of Scheme	Estimated Cost (Rs. in lakhs)	Decision taken	Date of decision
1	2	3	4
1. Proto-type/model studies on lining of Canal banks . . . . .	5.98	Approved	22-6-1974
2. Creation of Terminal facilities at Alleppy (Kerala) . . . . .	18.00	Additional information sought	19-8-1974
3. Operation of IWT Services on river Ghagra (UP) . . . . .	45.50	Do.	30-4-1975
4. Procurement of Craft for operation of ferry service in Sunderbans areas (West Bengal)	28.00	Do.	16-6-1977
5. Revised cost estimates for purchase of dredgers and barges by Govt. of Gujarat (originally sanctioned in 1971 at an estimate cost of Rs. 110 lakhs).	148.23	Approved in Annual Plan meeting held on 1-12-1977	1-12-1977
6. Purchase of Craft for operation of criss-Gross IWT Service in Brahmaputra between Dibrugarh and Sadiya (Assam)	15.00	Approved	20-5-1975
7. Improvement of Cochin-Udyog mandal water-way (Kerala)	41.77	Additional information sought	21-7-1975
8. Improvement of Kirstipur Canal (West Bengal)	314.00	Do.	11-8-1975
9. Revised cost estimates of the scheme relating to the operation of passenger ferry service on river Hoogly between Calcutta and Howrah (West Bengal) Original sanctioned cost (Rs. 104.94 lakhs)	277.00	Approved in annual Plan discussion held on 1-12-1977	1-12-1977
10. Proposal for preparation of feasibility report for setting up of a floating dry dock with workshop facilities in Assam.	0.40	Additional Information sought	29-12-1975
11. Acquisition of an expert under UNDP Assistance for design of craft for Ulhas River-Thana Oreak and Buckingham Canal Project	0.25	Approved	29-8-1975

1	2	3	4
12. Operation of Criiss-Cross' IWT service between Dhubri and Gauhati (Assam)	35·00	Additional information sought	21-2-1976
13. Revised cost estimates for improvement of Buckingham Canal in Andhra Pradesh (Phase I) (Original Sanctioned cost Rs. 49·60 lakhs)	73·45	Approved in Annual Plan discussion held on 1-12-1977	1-12-1977
14. Procurement of craft for operation of Mechanised service in selected routes in Ghilka lake Ghandwali-Sector and Hirakud reservoir (Orissa)	75·36	Additional Information sought	3-5-1976
15. Development of Thana Greek-Bassain Greek-Dharamtar Creek Inland Waterway (Maharashtra)	1588·00	Do.	29-7-1976
(Re-examined) . . . .	Do.	Do.	18-10-1976
(Re-examined) . . . .	Do.	Do.	28-1-1977
(Re-examined) . . . .	Do.	Do.	19-4-1977
16. Revised estimate for the scheme relating to Champkara Canal (Kerala) (Original Sanctioned cost Rs. 172·50 lakhs)	231·40	Approved in Annual Plan discussion held on 1-12-1977	1-12-1977

### ANNEXURE III

(Vide Para. . . 1.21)

*List of Central Schemes examined in Planning Commission, Transport Division during 1974-77*

Name of Scheme	Estimated cost: (Rs. lakhs):	Decision taken	Date of decision
1	2	3	4
1. Continuation of the scheme for providing higher training to IWT personnel at Calcutta	200.00 300.00	Approved	27-7-1974
2. Operation of IWT service on selected stretches of Ganga in Bihar and UP by IWT Directorate of Ministry of Shipping & Transport	..	Clarification sought	25-9-1975
3. Proposal for conducting a feasibility study by IWT Directorate, Ministry of Shipping & Transport for construction of slipway in Assam	0.35	Approved	17-9-1976
4. Scheme for Undertaking Traffic surveys on important waterways in India.	7.14	Clarification sought	25-2-1977
5. Strengthening of the IWT Directorate of Ministry of Shipping & Transport	2.26 (Annually)	Do.	1-3-1977
6. Operation of IWT ferry service across Ganga near Rishikesh (UP) by IWT Directorate by the Ministry of Shipping and Transport	12.00	Do.	5-3-1977
7. Scheme relating to grant of loan assistance to IWT operations for modernisation/mechanisation of existing vessels	209.50	Suggested to be deferred to 6th Plan	23-3-1977

## ANNEXURE

### SUMMARY OF CONCLUSIONS/RECOMMENDATIONS OF THE COMMITTEE ON PUBLIC UNDERTAKINGS CONTAINED IN THE REPORT

S. No.	Reference to paragraph No. in the Report	Summary of Conclusions/Recommendations
(1)	(2)	(3)
1	1.67	The Committee note that Inland Water Transport, which is an ancient, dependable and the cheapest mode of transport, continues to play a vital role in the transportation system and economic development throughout the world. This is because of its several inherent advantages over other modes of transport. It is well recognised all over the world that inland water transport is the cheapest mode of transport. While the initial investment on providing 1 Km. of track of rail is about Rs. 10 lakhs, and of road Rs. 4.5 lakhs, it is only Rs. 2 lakhs in the case of inland water transport and that too on waterways which have less of water during the lean season. Similarly while the maintenance cost per km. of track per year is Rs. 9,600 for rail Rs. 4,500 for road, it is as little as Rs. 1,000 for inland water transport. Furthermore the basic requirement of traction viz. energy—whether it is fuel, oil, coal or electricity—to move an equivalent tonnage is far less on waterway and a barge has the lowest relative dead weight with a minimum of friction loss. One Horse Power is known to move 150 kgs. on road, 500 kgs. on rail and 4000 kgs. on water. Inland Water Transport is thus the least energy consuming system of transport.

- | (1) | (2)  | (3)   |
|-----|------|---|
| 2   | 1.68 | <p>What is more striking is that the transportation cost per tonne km. through water transport is nearly one-third of that of other modes of transport. According to the Inland Water Transport Committee (Bhagwati Committee) figures, the relative cost per tonne km. in 1970 in the Eastern region was 4.4 to 11.7 paise by rail, 10 paise by road and 2.5 to 5 paise by inland water transport. The current indications are that in the Western region it is 3 to 5 paise by water as compared to 17 paise by road.</p>   |
| 3   | 1.69 | <p>The Committee feel that the most crucial problem that the country is facing today is the price rise in which transport cost of commodities is an important factor to be reckoned with. Inland water transport which is the cheapest mode of transport can greatly help in reducing and stabilising the prices of commodities. Further, inland water transport provides employment to a large number of people, helps in promoting tourism, reducing congestion in big cities and protecting environment from pollution etc., besides having the advantage of no pilferage or breakage due to lack of vibration during transit. Above all, an efficiently operated inland water transport system, specially in the Eastern and North-Eastern Regions is indispensable from the defence point of view according to the highest echelon of defence authorities. Conservation of waterways, apart from facilitating the smooth running of inland water transport serves as a flood-control measures and also help in the development of irrigation and pisciculture.</p> |
| 4   | 1.70 | <p>The Committee are, however, greatly perturbed to note that despite the obvious and great advantages of inland water transport and the fact that the country has been experiencing considerable difficulties in the sphere of transportation, its development has not been allowed. The implementation of the comprehensive river valley plan to which to Prime Minister is reported to have lent his enthusiastic support, will, it is hoped, open up new vistas for the development</p>   |

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- | (1) | (2)  | (3)   |
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|     |      | of inland water transport. The Committee require that the inland water transport system should be put to effective use with utmost speed.   |
| 5   | 1.71 | The Committee are concerned to note that although the formulation of a co-ordinated National Transport Policy was emphasised as early as in 1950, no progress has been made in this regard and the matter has been hanging fire for the last 27 years. The Committee strongly recommend that the Government must pronounce the national coordinated and integrated transport policy, defining the role of each mode of transport, within three months of the presentation of this report.   |
| 6   | 1.72 | The Committee would further suggest that while formulating this policy, Government may keep in view the feasibility of specifically earmarking for water transport all items of cargo which could be carried by water transport.  |
| 7   | 1.73 | The Committee are surprised to note that the allocations made in the various Five Year Plans for inland water transport have been negligible. Even the meagre amounts that were made available, have been deliberately left unutilised. Due to considerable shortfall in expenditure as compared to allocation, there has been a continuing reduction in Annual Plans both in the amount proposed by the Ministry and the allocation agreed to by the Planning Commission e.g. for 'addition to fleet/purchase of vessels by Central Inland Water Transport Corporation', the amount proposed by the Ministry in 1974-75 was Rs. 130 lakhs and the amount recommended by the Commission Rs. 80 lakhs. By 1978-79 the proposed amount came down to Rs. 30 lakhs and the amount recommended by the Commission to Rs. 1 lakh only. |
| 8   | 1.74 | The Committee recommend that the reasons for the non-utilisation of provision in full should be gone into in depth and corrective measures taken immediately to ensure that the allocations for inland water  |
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- | (1) | (2)  | (3)   |
|-----|------|---|
|     |      | transport in Five Year Plans and Annual Plans are fully utilised.   |
| 9   | 1.75 | The Committee note with deep anguish that out of 16 Centrally sponsored schemes examined by the Planning Commission during the 3 years 1974—77, seven schemes were approved and in respect of 9 schemes the Commission made back references, and asked for additional information which was still awaited from the Ministry and which in one case is pending since August, 1974. In the case of another scheme, the Commission examined and re-examined the scheme four times and still asked for further information. This shows how the tentacle of the anti-inland water transport lobby was having its way. |
| 10  | 1.76 | Similarly, out of 7 central schemes examined by the Commission during the 3 years, 1974—77, two schemes were approved, one scheme was deferred to the Sixth Plan and in respect of four schemes, the Commission sought further clarification from the Ministry of Shipping and Transport, which was still awaited from the Ministry and in one of those cases it is pending since 25.9.1975.  |
| 11  | 1.77 | The Committee are constrained to observe that time and again the schemes are examined and re-examined and are shuttled to and fro between the Planning Commission, the Ministry and the State Governments just to kill the time with the object of scuttling the schemes. This clearly shows how the authorities were obstructing the growth of inland water transport.   |
| 12  | 1.78 | The Committee are clear in their mind that it is nothing but a calculated sabotage of schemes of economic importance and therefore, they would require the Government to institute a fact-finding probe to find out the role that each officer in the Ministry of Shipping and Transport including its Inland Water Transport Directorate and in the Planning Commission played to relegate the water transport to  |
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- | (1) | (2)           | (3)  |
|-----|---------------|--|
|     |               | the back stage, so as to fix the responsibility for the lapse and to bring the erring officers to book.  |
| 13  | 1.79          | The Committee are perturbed to note that for years files have moved to and fro and still complete information has not been furnished by one Central Government agency to another. No body seems to have cared whether the information asked for is received in time or not.  |
| 14  | 1.80          | In the meantime, the most expensive form of surface transport, namely, road transport has grown disproportionately and in an unplanned manner which has contributed greatly to the price rise which is one of the biggest problems that the Government is facing today. The Committee have no reason to think that all these were not deliberately done.   |
| 15  | 1.81          | The Committee have no hesitation whatsoever after going through the evidence in accepting the fact that there is powerful and organised road transport lobby in Government, industry and also in media which has been attempting all these years to scuttle down efforts to develop inland water transport. This private road transport lobby seems to have been responsible for the closure of Government-owned Central Road Transport Corporation and was also not allowing the Central Inland Water Transport Corporation to come up. |
| 16  | 1.82—<br>1.83 | The Committee cannot help feeling that the existence and influence of such a lobby in the Planning Commission, the Ministry of Shipping and Transport, its Inland Water Transport Directorate and other Governmental agencies is the main reason for lack of positive attitude and policy towards the growth of inland water transport in the country. This is way most of the schemes of inland water transport have been kept in cold storage or rejected on one pretext or the other, as has been stated earlier.                     |

The Committee require the Government to ensure that these elements are not able to operate in a

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- | (1) | (2)  | (3)   |
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|     |      | clandestine manner in the corridors of power in order to thwart the growth of inland water transport.   |
| 17  | 1.84 | Furthermore the Committee would recommend that a C.B.I. inquiry be instituted immediately to unearth this road transport lobby and its <i>modus operandi</i> including the role of officers in the various Government organisations, so that the strangle hold of the lobby could be shaken off and the corrupt officers thoroughly exposed and brought to book.  |
| 18  | 1.85 | The Committee have a feeling that the former Director (Transport) in the Planning Commission (Shri Sat Parkash now Economic Adviser, Railway Board) is a votary and sympathiser of road transport and may have some link with the road transport lobby. Government may consider whether it would be desirable to retain such a person in the Railway Board.   |
| 19  | 1.86 | The Committee are greatly surprised to find that inspite of specific recommendations of a national Committee, the Inland Vessels Development Fund has not been instituted even after a lapse of about eight years. This goes to show that the unseen hands of the Road Transport Lobby have successfully thwarted and obstructed the adoption of this financial measure, which could have gone a long way to help the growth of inland water transport. The Committee require the Government to take all possible initiative to bring into existence an Inland Vessels Development Fund with adequate finances in order to help entrepreneurs in the Inland Water Transport field both in the public and private sectors, so that they may obtain liberal credit on 'Differential rates of Interest'. |
|     |      | Meanwhile these entrepreneurs should be allowed to make use of the Shipping Development Fund for meeting their requirements of finance. The Government should ensure this without fail.   |
| 20  | 1 87 | The Committee need hardly emphasise the importance of declaring the important waterways as  |

(1)	(2)	(3)
		National Waterways as suggested by the Inland-Water Transport Committee (Bhagwati Committee) as far back as 1970. They require the Government to enact the requisite Legislation before the end of this year.
21	1.88	The Committee would also suggest that designs and specifications of all future medium and big size canals should be drawn up as to ensure navigability of waterways round the year.
22	1.89	The Committee further require that all the forty-six schemes recommended by the Inland Water Transport Committee (Bhagwati Committee) after considerable exercise should be taken up in hand for execution as indicated later in this Report.
23	1.90	The Committee also feel that the State Governments have neither the resources nor the expertise to undertake development of inland water transport. The development of inland water transport should, therefore, be the responsibility of the Central Government.
24	1.91	The Committee not that the Inland Water Transport Directorate in the Ministry of Shipping and Transport is headed by the Chief Engineer-cum-Administrator, who is a Civil Engineer and who has no practical experience of inland water transport. This may be one of the reasons why no progress in the development of Inland Water Transport in the country could be made. The Committee, therefore, recommend that urgent steps should be taken to place a knowledgeable person having on inland water transport background and necessary expertise and dynamism at the head of the Directorate, so that quick and clear decisions can be taken and the Directorate can find a new impetus to effective and efficient functioning of inland transport organisation. In view of all the unfortunate facts that have come to the notice of the Committee, it would be very much necessary that the Chief of the Directorate of the Inland Water Transport should be directly under the Secretary of Ministry of Shipping and Transport.

(1)	(2)	(3)
25	1.92	The Committee would also like Government to appoint a competent and academically qualified transport economist in the Ministry to evaluate the cost of each mode of transport scientifically.
26	2.6	The Committee note that Central Inland Water Transport Corporation was incorporated with the principal objective of carrying on the river transport business of erstwhile R.S.N. Company. The Committee, however, find that in the course of time the objectives of Corporation got "terribly mixed up" as a result of which the focus of activities changed from the running of river services to stevedoring, lighterage etc. They are of the firm opinion that with the wholesale diversification of activities, the Corporation has miserably failed to achieve the objective of operating inland water transport for which it was set up.
27	2.7	Since the clarity in the overall objective is a pre-requisite for the efficient and effective management of a Company the Committee recommend that the Ministry should take urgent steps to lay down precisely and clearly the objectives and obligations of the Corporation, which should primarily be the operation of inland water transport, so that the Corporation is left in no uncertainty about its goals and functions. The Committee need hardly emphasise that the infra-structure and where-withals for operating river services which are basically available with the Corporation, should be augmented wherever necessary and maintained in prime condition.
28	3.55	The Committee note that the river services on Calcutta-Assam-Calcutta, Calcutta-Cachar (for Cachar Mizoram-Tripura) and Calcutta-Bangladesh-Calcutta routes which were suspended in 1965 due to Indo-Pakistan hostilities were restarted by the Corporation in November, 1972.
9	3.56	The Committee are constrained to observe that the Corporation made no effort to maintain the river

(1)	(2)	(3)
		services profitably. On the contrary they went on declining cargo continuously through direct and indirect means to bring the whole river service business almost to a close.
30	3.57	The Committee are perturbed to note that in June, 1977 Government decided to close down Calcutta-Cachar, Calcutta-Assam and Calcutta-Bangladesh river services on the ground of lack of offerings and uneconomic operations. The Committee consider this decision of the Government unwise and very short-sighted. This should be rectified without any further delay.
31	3.58	This decision was not based on true and correct facts which could be corroborated from the factual analysis made by the River Services Committee, Fernandez Committee, National Productivity Council and Shri Malhotra. The Committee apprehend that the decisions to kill the water transport in this region was not due to lack of traffic offerings but because of pressure of road transport lobby. During the tour of the Committee to Tripura it was pointed out by certain responsible officers that a quintal of jute costs Rs. 24/- to be brought to Calcutta by road whilst by river service Karimganj-Calcutta freight would not exceed Rs. 8/- per quintal. Similarly all items of necessities which are to be taken from Calcutta for consumption in the remote areas are required to pay enormous amount as freight which ultimately spirals down on the consumer causing a big gap in the prices prevalent in that area and in Calcutta, the nearest market. For example for Cachar-Calcutta service there would be huge quantity of cargo available in consignments of tea, jute, mesta, timber, bamboos for paper mill and different other produce items. In fact this river service even could help the people in Manipur and Barak river regions in marketing their items which are sold for a fraction of their value because of lack of transportation facilities.
32	3.59	In this connection the Committee note that when a steamer used to go to Gauhati, the lorry charges

(1)	(2)	(3)
33	3.60	<p>came down by Rs. 500/-. But the moment the vessel left Gauhati, the lorry charges shot up by Rs. 500/- for Calcutta.</p> <p>From various information that is in the possession of the Committee, the Committee is satisfied that there is ample scope for the River Transport in the regions mentioned above besides other regions, which if run properly and with initiative would turn out to be profitable and indispensable mode of transport, for the remote North-Eastern Region. Not only the service will be viable but it would bring immense economic benefits to areas like Cachar, Tripura and Mizoram which have hardly and direct communication with the nearest market in Calcutta other than the most expensive variety of surface transport that is road transport. Both the road and the rail transport have to go in a very circuitous and uncertain (due to land slides, floods etc.) route to reach Calcutta whilst for the river service it will be a traditional direct route and the transport cost will be only a fraction of what the road transport or even the rail transport would require the consignee to pay.</p>
34	3.61	<p>The Committee recommended that—</p> <p>(i) A special team should be constituted, which should include Naval Architects and Marine engineers, solely to find out ways and means to modify these vessels of Central Inland Water Transport Corporation which require modifications. The required repairs and modifications should be carried out at the Rajabagan Dockyard and, if necessary, at other local ship repair workshops on a 'war footing'. The Central Inland Water Transport Corporation should also acquire vessels from other undertakings/Government Departments including Railways either free or at as reasonable price as possible.</p> <p>(ii) Selling of vessels should be avoided as far as possible and as many vessels as possible should be made water-worthy through immediate repairs. No expenditure should be incurred which will not be a revenue earning one.</p>

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(2)

(3)

(iii) For repair of the vessels funds should be provided from the Consolidated Fund, Financial Institutions and from Nationalised Banks.

(iv) Such of the vessels as could be used without modification should be set to sail immediately, even if the vessels run at low speed.

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3.62

The River Services Committee (1972) which was set up to assess traffic prospects on the Calcutta-Assam route *via* Bangladesh had *inter alia* estimated the traffic by river services from Assam and other North-eastern States to Calcutta and *vice-versa* at 6 lakh tonnes and India's share of river borne traffic between India and Bangladesh at about 2.5 lakh tonnes which amounted to a total river borne traffic of about 8.5 lakhs tonnes. This Committee had also made various suggestions for rationalising the routes on which the river services can be operated as also for organising integrated river-cum-road services, besides, augmenting the existing fleet of the Central Inland Water Transport Corporation. Subsequently, Shri Fernandes, the then Director-General, Bureau of Public Enterprises had gone into the working of the Central Inland Water Transport Corporation in 1974 and had made various recommendations for bringing about improvement in the operation of river services by the Corporation. Shri Fernandes had *inter alia* recommended the running of regular shipping service between Calcutta and Gauhati and Calcutta and Nafayanganj on pre-announced schedules, even if the service is run without the full cargo. He also *inter alia* recommended:

- (i) the appointment of shipping brokers to organise adequate cargo for definite schedules of sailing;
- (ii) reduction in the turn-round time of voyage;
- (iii) reintroduction of incentive scheme to reduce voyage time; and
- (iv) entering into long term contract with major companies like Coal Mines Authority of

(1)	(2)	(3)
		<p>India, Tea Trading Corporation, Cement Corporation, Major Tea Plantation and various Department of Assam Government to ensure regular availability of cargo.</p>
36	3.64	<p>Even as late as 1975, the National Productivity Council had gone into the working of river services of the Corporation. The Council also <i>inter alia</i> recommended short-term and long term measures for improving the river services by the Central Inland Water Transport Corporation. Among the various recommendations the NPC recommended are:</p> <ul style="list-style-type: none"> <li data-bbox="381 677 964 740">(i) priority to Calcutta-Cachar service and Calcutta-Assam services;</li> <li data-bbox="381 754 964 817">(ii) arranging with road transport organisation for rendering door-to-door services;</li> <li data-bbox="373 831 964 987">(iii) undertaking river traffic promotional measures through publicity, personal contact, mailing list, advertisements, appointment of cargo brokers, establishment of commercial intelligence cell etc;</li> <li data-bbox="373 1001 964 1064">(iv) undertaking night navigation and introducing the incentive scheme;</li> <li data-bbox="381 1078 964 1234">(v) among the long term measures, the Council recommended approaching the Assam Government and Calcutta Port Trust for seeking exemption from payment of Assam-carriage-tax as also port charges; and</li> <li data-bbox="381 1249 964 1340">(vi) the Council also recommended rationalisation of routes between Assam and Calcutta, Calcutta and Tripura etc</li> </ul>
37	3.64	<p>The Committee regret to observe that in spite of the laborious efforts made by the various study teams and the numerous useful suggestions no action appears to have been taken by the Ministry/Corporation to revive and develop river services. On the other hand the Ministry of Shipping and Transport were in search of some pretext to close down River services, obviously</p>

- | (1) | (2)  | (3)   |
|-----|------|---|
|     |      | <p>under the pressure of Road Transport Lobby. Despite the favourable recommendations of the Fernandes Committee and National Productivity Council for augmenting river services, Government had the matter further examined by Shri Bazle Karim, Adviser (production) Bureau of Public Enterprises. He obligingly, it seems, recommended the winding up of the river services in a phased manner for which the Committee see no valid reason.</p>  |
|     |      | <p>The Committee feel that the decision taken in June 1977 after Shri Bazle Karim's inspired report to close down river services was motivated and is most regrettable.</p>   |
| 38  | 3.65 | <p>The Committee are of the firm opinion that the closing down of the river services between Calcutta-Cachar and Calcutta-Assam etc., on the plea of lack of offerings and uneconomic operations is not only against the long term national interest but will also hamper the development of the river services in the country which are the cheapest mode of transport. The Committee have no doubt that if vigorous action had been taken on the various suggestions made in this regard and sincere and determined efforts had been made by the top management of the Corporation, the river services of the Corporation would not have come to this sorry state of affairs. The Committee have already referred to the existence of a strong road transport lobby which appears to have succeeded in inhibiting the development of inland water transport in the country.</p> |
| 39  | 3.66 | <p>The Committee consider that it was utter indifference and the dismal lack of effective measures which were responsible for the closure of the river services by the Corporation. The sailings of the vessels were erratic without any fixed time schedule with the result that the credibility of the Central Inland Water Transport Corporation suffered greatly and shippers were unwilling to entrust their cargo to the</p>  |



(1)	(2)	(3)
		<p>Corporation on account of irregularity and undependability of the services. If the Corporation was serious and determined to restart the river services after a lapse of several years, The least that was expected of the Corporation was to make advance preparations to develop the services and approach the users by maintaining regular contacts and advertising the scheduled arrival and departure of vessels in local newspapers. No honest attempt in this regard seems to have been made by the present management of the Corporation and the Ministry who have had no interest in keeping the river services going. The result was that the river services were running into heavy losses on account of utter, mismanagement and rampant corruption which ultimately resulted into present state of affairs.</p>
40	3.67	<p>The Committee consider that Inland Water Transport which is very essential from the economic, social and strategic points of view should not only be revived but expanded as early as possible. They recommend that the river routes which have been closed down should be restarted.</p> <p>In the first phase, Calcutta-Cachar, Calcutta-Assam and Calcutta-Bangladesh services as also service to Sunderbans should be started. Regular scheduled sailings, preferably weekly service, should commence and in all the places effort should be made to have river-cum-road coordinated services so as to make the services more attractive.</p>
41	3.68	<p>Patna Service which is at present run departmentally should be taken over by Central Inland Water Transport Corporation and run with a fresh outlook in all earnestness.</p>
42	3.69	<p>It is also recommended that a ferry service between Dahej (South Gujarat) and Bhavanagar (Saurashtra) should also be started. This will not only save a distance of 400 km. by road but will also save at least 24 hours' time besides minimising overall transport</p>

(1)	(2)	(3)
		<p>cost. This was strongly recommended by the Inland Water Transport Committee.</p> <p>In the second phase, services from Calcutta to Durgapur through D.V.C. canal and Haldia-Allahabad should be started.</p>
43	3.70	<p>In the third phase, river services as recommended by the Inland Water Transport Committee (Bhagwati Committee) should commence. For the fourth phase, fresh survey of navigable waters should be carried out, with a view to expanding river services wherever possible.</p> <p>Under no circumstances, Government should refrain from acting on the recommendations made above.</p>
44	3.71	<p>The Committee would like Government to subsidise the operational losses of the river services for a period of not less than 10 years, as is being done in case of operational of uneconomic Railway lines, so as to enable the river services to stand on their own legs and become viable and useful in course of time. It has to be recognised that the operation of river services in North-eastern region of the country is important not only from the economic and social points of view and during floods, when other means of transport like rail and road are dislocated, but also from the strategic and defence points of view.</p>
45	3.72	<p>The Committee further feel that inland water transport is not only a complementary mode of transport but also is the cheapest as it consumes the least energy. In this mode of transport the chances of pilferage and breakage are also the minimum.</p> <p>The Committee further consider that shallow depths and shifting channels should not stand in the way of successful operation of river services in the country. Planned execution of river conservancy and stabilisation works based on proper hydrographic surveys and hydraulic research would provide for the assured and improved channels for economic operation of Inland</p>

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|     |      | <p>Water Transport. This will draw industries to the water front to enable them to take advantage of the cheapness of water transport. Instances of industries moving to water side locations in the USA and establishment of new plants along waterways are numerous. However, till such time the waterways are improved after proper surveys and conservancy works, inland vessels can be designed/modified to suit present channel dimensions.</p>  |
| 46  | 3.73 | <p>The Committee have no doubt that with the advancement of modern technology it is very much possible to design suitable crafts for operation in shallow waters. The age-old method of paddle wheel propulsion at the rear of the vessel has proved its efficiency in shallow waters and stood the test of time not only on India waterways but in shallow waters all over the world. For improving efficiency marine diesel engine coupled to paddles at the rear should be used for all self-propelled cargo and passenger vessels as well as pusher tugs, wherever possible.</p> |
| 47  | 3.74 | <p>Infusion of new blood in the Corporation is very necessary and the Chief Executive of the Corporation must essentially be a young man who has first hand experience in planning and management of inland water transport. The Committee have no doubt that with imaginative and honest management and undertaking of various promotional measures as also implementing the constructive suggestions of the various study teams, the river services will be able to attract a large volume of traffic and would definitely prove ultimately cheaper in this region.</p>            |
| 48  | 3.75 | <p>The Committee would require the Government to make it mandatory for all Central Government Departments and Undertakings to provide cargo as much as possible to Inland Water Transport and Central Inland Water Transport Corporation. The State Governments should also be requested to patronise Inland Water Transport.</p>  |

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