

Railroads and Equalisation of Trade in Assam

Sarah Hilaly

The impact of railroad development in India has been an issue of intense debate amongst the economic historians. One School of historians representing the colonial viewpoint highlighted the enormous benefits of the railways. According to this school the network of easy and extended communication transformed the country from a mere geographical expression to a well-knit and consolidated political unit. The efficiency of the army and civil administration—the pillars of British authority in India—increased. The economic sphere had revolutionized. Agriculture received an immense boost transforming the self-sufficient village based economy to a market oriented one. There was an expansion of exports and imports with a tendency towards equalization of prices along its networks. Reduced transport costs brought concomitant benefits. Regional specializations in raw produce occurred. It facilitated distribution of food grains during famines. In terms of social benefits there was a breakdown of acute conservatism, caste barriers and prejudices due to increasing interaction amongst the public traveling in the railways.

The opposing viewpoint of the nationalist historians viewed the impact in actual terms. According to this school the effects of the railways was not as revolutionary as claimed by the colonial historians. Whatever little benefits accrued was overshadowed by the harmful effects of the railways the deleterious effects have been explained in terms of decline of indigenous industries. The limited linkages that were stimulated fostered European investment, rather than encouraging native capitalist. It was instrumental in the drain of wealth from the country in the form of Public Debt. Though the railways have been projected as a 'magnificent asset' of the Government, in actual terms most of the railways were not self-supporting and consequently the guarantee was a perpetual burden on the Indian taxpayer. The positive effects came in small measures. It was visible in the agricultural sector with the widening of markets, reduction of regional price differences and creation of regional specializations. However there was a strong tendency of linking agriculture to the international markets, rather than creation of an integrated internal market.

As the railway network extended into Assam, a certain degree of equalization of prices along the districts which the railway traversed. While

prices stabilized, objects of trade circulated among various trade blocks within the Province. Equalization in the pattern of trade, alongside leveling of prices occurred.

To facilitate internal trade, the province was divided into trade blocks. Till the completion of the Hill Section of the Assam-Bengal Railway the trade blocks in the Brahmaputra Valley and the Surma Valley operated at both ends independently. In the Surma Valley trade links operated between the blocks of Sylhet, Cachar and the Khasi-Jaintia Hills. In the Brahmaputra Valley the rail borne was between the two blocks of Lower Assam and Upper Assam. When the Assam-Bengal Railway was completed Sylhet, Cachar, Upper Assam and Lower Assam were identified as trade blocks. The Cherra-Companyganj State Railway connected the Khasi and Jaintia Hills trade block to the trunk railway route.

The railway network facilitated trade amongst the blocks. The most important article exported from Sylhet to Cachar was rice. Sylhet also exported rice to the neighbouring districts of Bengal. The railway also facilitated the carriage of Cachar tea to the port of Chittagong and wood manufactures. Some of the articles exported from Sylhet to Cachar were articles of imports from Bengal forwarded to Cachar. The rail-borne statistics of 1899-1900 revealed that Sylhet sent 19,368 maunds or rice to Cachar against 1,415 maunds sent the previous year. The imports from Sylhet to Cachar during the same period amounted to 11,490 maunds. In the same year the total exports from Lower Assam to Upper Assam were 12, 264 maunds against exports of 5,823 maunds from Upper Assam to Lower Assam.² The primary articles sent from Lower Assam were rice, mustard seeds and jute, while this block received from Upper Assam its supply of coal and mineral oil. Lower Assam also rebooked foreign imports in the form of rice and paddy to Upper Assam. Some proportion of the coal - the chief produce from Upper Assam - was rebooked at Gauhati or Dhubri for the Eastern Bengal blocks. Mustard seeds from Lower Assam and tea were booked in Upper Assam to the port of Chittagong for exports.³ The trade not only had an orientation towards internal equalization but also catered to the external trade bias as most of the trade blocks served as forwarding centers for imports and exports.

On completion of the entire length of the Assam - Bengal Railway in 1904 it connected the districts in Eastern Bengal, the Surma Valley and the Brahmaputra Valley into an integrated trade network. In 1905 with the commencement of movement of goods over the 'Hill Section' of the Assam-Bengal Railway rice featured predominantly in the imports from

Sylhet to Upper Assam. In that year it supplied 46,000 maunds of rice from Sylhet, which constituted about 90% of its requirements. Prior to 1905, Sylhet received all its quota of coal, coke and kerosene oil from Bengal. In 1905 the rail-borne statistics recorded that Sylhet received 70,000 maunds of coal and coke from Upper Assam.⁴ Lime and limestone for building purposes and for use as fertilizer in the tea gardens of the entire Brahmaputra Valley was imported from Sylhet.

The railways not only facilitated communication between the internal trade blocks but also promoted the development of primary trading centres along the railway line. This obviated the necessity of the primary producers to reach the trading centres to dispose off their surplus produce. Every railway station virtually became a trading center. This phenomenon was particularly visible over the section of the Assam-Bengal Railway, which traversed the North-Chachar Hills. Along its entire stretch small traders "made their livelihood by selling vegetables, sun-grass, ghee, timber, cattle etc".⁵ In Nowgang district the areas, which were colonized by ex-railway coolies produced sugarcane. This was dispatched through the railway to the internal trade blocks.⁶ The same district witnessed immigration of farm settlers from Eastern Bengal following the completion of the Assam - Bengal Railway. These immigrant peasants sold surplus rice along the railway tract.

Railroads were therefore instrumental in fostering inter-district trade within the Province of Assam. The internal circulation of commodities became well organized. A class of petty local traders as well as cultivators garnered benefits without the interference of the middlemen. The petty traders were however non-native. In the 'Hill Section' the petty traders were mainly up-country men who had settled as ex-railway coolies and Nepalis who had settled as graziers. In Nowgong most of it was in the hands of the immigrant farmers. The actual benefits to the Assamese peasantry were minimal, as non-indigenous population inhabited the surplus producing areas. The goods exchanged were of a limited nature. The integration of the internal market or inter-provincial markets was a phenomenon visible in Assam as it was over the rest of India.

A bias towards external trade was a visible phenomenon. The freight structure designed by the British allowed long distance shipments with reduced freight charges. Short distance hauls to the interior were very expensive, while no rebates were offered. In Assam too the freight structure had a similar orientation. Concessional rates were offered for freights on commodities like tea, jute and paddy. However an exception

to the freight rates was made over the short haul of the Dibru-Sadiya Railway. This was because it was a feeder to the steamer route. The railway charged more freight on coal, coke and kerosene oil on a small stretch of its link to the Assam-Bengal Railway in contrast to the freight on its lead to the steamers.

The prices of these commodities were also governed by the world trade cycles. This phenomenon was visible in the trade in cotton. This commodity was primarily a hill produce. The expansion of the railway network facilitated its trade. Along the Assam - Bengal Railway there were a series of assembling centres, which were terminal markets too. The closure of the "Hill Section" in 1915 following heavy floods affected the cotton producers which can be gauged by the following statement :

In the North-Chachar Hills villagers who grew cotton and sugarcane were handicapped by the closing of the railway which deprived them of a cheap means of transport.⁷

In the same year it was reported that "jute prices fell heavily with the disorganization of trade that marked the early stages of war in Europe".⁸ The production of crops was also affected which is supported by the following statement:

...outturn of cotton, which is a crop of some importance in the North-Cachar Hills was less than the preceding year. This is attributed to some extent to the falling off in the demand in consequence of the war with Europe.⁹

To conclude, the introduction of railways had initiated a certain degree of internal trade as well as inter-provincial trade. Petty traders flourished as they used the railway network to dispose off their surplus produce. This helped in reducing the role of intermediaries. However this trade was of a limited nature and confined to certain areas. As most of it was in the hands of non-native peasants the actual benefit to the local peasantry was minimal. The primary orientation in trade was its foreign trade bias. All the major items of external trade were in the hands of the non-native capitalist class of *Marwaris* also known as *Kyahs*. The markets here were integrated to the world trade cycles, with the peasants being affected by the shift prices in the world market.

Notes & References

1. The origin of the debt lay in the first place in the costs of the war and other charges debited to India and later also came to include the costs of railway and public works initiated by the Government.
2. *Report on the Administration of Assam, 1899-1900 and 1900-1901*, p.92 and p.63.
3. *Report on the Administration of Assam, 1901-1907*, p.4-5.
4. *Report on the Rail and River-Borne Trade of Assam, 1906-1906*, p.4-5.
5. *Railway Department –Ways and Works*, June 1916, Letter No E-368-2, dated 24th September 1915, from G.A.Bayley, Acting Agent, Assam-Bengal Railway to Secretary Railway Board.
6. *Revenue 'A', Proceedings*, October 1900, No.81-82, Letter No 82 of 17th May 1900, Shillong. For details refer Sarah Hilaly, "Special Land Settlements in Relation to the Railways", *Proceedings of North East India History Association*, 13th Session, Shillong, 1993.
7. *Report on the Administration of Assam, 1915-1916*, p.4.
8. Land Revenue Administration of the Surma Valley and the Hill Districts Division, 1914-1915, p.1-2.
9. *Ibid.*