

INDIAN EXPORT TRADE IN COAL.

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It may be advisable to clear up at the outset of this article any possible confusion of thought regarding the coal shipment business, which is fairly substantial, and the coal export trade proper, which up till recently has been small. In a country so large and also having so long a sea-board as India, and in view of the fact that the major coalfields are within a short distance of a large port, Calcutta, it becomes economical to route coal by sea and not by rail for the requirements of ports, and, in many cases, of the hinterland behind those ports. The reason for this is that carriage by sea is cheaper than carriage by land. The coal therefore for many of India's industrial concerns is supplied by ship from Calcutta, and among these may be mentioned the cotton mills of Bombay, the various railways in Kathiawar States, cement factories on the West Coast of India, and steamers' bunkers and harbour board requirements in nearly all India's ports.

This business is generally referred to as the coastwise trade, and may be said normally to total, between Indian ports and excluding Burma, a million tons per annum.

Shipments to Burmese ports were included in it prior to the year 1936, the year in which Burma was separated from India, but such shipments should now be classed as true exports, and are so classed in the statistics issued by Government. In order however that the comparative figures given later may present a true picture, Burma has been regarded for the purposes of this article as a separate entity, and considered briefly 'in vacuo'.

Burma's annual consumption of coal is approximately 5½ lakhs tons, of which practically all is supplied from India, though metallurgical coke for the Burma Corporation is bought from the U.K. and from Africa as well as from India. The biggest buyers of coal are the Burma Railways, and the Irrawaddy Flotilla Co. who operate a large fleet of river steamers on the waterways which constitute the country's highways. There is also a big bunkering business in Rangoon, mostly confined to the steamers of the B.I. and Scindia. Competition from coals from Africa and other countries is but little felt, but wood and paddy husk are serious rivals to coal, and it is disappointing that the total exports from India of coal for the whole of Burma are not much more than half a million tons annually.

Turning now to the markets which have always been regarded as export markets, we may classify them under four heads; Ceylon, The Straits, which includes Singapore, Penang, Port Swettenham, Sabang Bay and rarely, Bangkok; the Far East comprising Manila and the Chinese ports; and Aden and ports west of India. These markets in the year 1920 took about 1¼ million

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tons of Indian coal, but only just over a quarter of million tons the following year, and a mere 77,000 tons the year after. So remarkable a change in such a short time could hardly come about through natural causes, and the cause actually was artificial, an embargo which the Government of India placed at that time upon the export of coal. This embargo was considered to be necessary in the interest of Indian industries, as there was a serious shortage of railway wagons and available wagons had to be utilised for the internal trade, but there can be no doubt that it proved singularly unfortunate for the coal industry, which was thus suddenly deprived of a valuable market.

When an import business which has been satisfactorily established is suddenly destroyed by the cessation of supplies, the importer is likely to turn elsewhere for the new connections which he has to make, and the door of markets previously held by India was thus opened to the coal exporters of South Africa and Japan. It so happened that South Africa was at that precise moment considering how her coal trade might be expanded, and she was quick to seize her opportunity. Substantial concessions in rail freight from colliery to port were granted to coal for export, and she soon succeeded in building up a large coal export trade, which at times has even encroached upon Indian coal in the ports of Western India. Japanese coal, aided by certain favourable steamer freight conditions, had already penetrated as far westwards as Singapore, and was able to enlarge its interests on the withdrawal of Indian coal.

The Government of India then made an effort to retrieve the position. They appointed, in September 1924, the Indian Coal Committee to enquire what measures could be taken by Government, by the coal trade, by the railways, and by the ports, to stimulate the export of suitable coal from Calcutta to Indian and foreign ports. The institution of the Coal Grading Board and concessions in railfreight and port charges on coal for shipment resulted from the recommendations of this Committee, and have been of much benefit to the coal industry, but this benefit has proved in practice to be principally in the direction of helping the industry to withstand competition from foreign coals at Indian and Burmese ports, and the assistance given was not sufficient to enable the export trade to recapture its lost markets.

The cost of transport bulks largely in the price of coal c.i.f. destination port, and the comparative figures of distances from colliery to exporting port, and from exporting port to destination port, show that geographically speaking both Colombo and Singapore should be India's markets. The difficulty of re-entering them has lain in the difficulty of dispossessing established connections, and, to a lesser extent probably, in the fact that the reputation of Indian coal for quality has suffered as the result of poor grade shipments made prior to the creation of the Coal Grading Board. The Indian coal industry has however always hoped and felt that one day India would get back her markets, and that this extra million tons of business would help to rectify the state of overproduction in the industry.

In 1936 further assistance was forthcoming. Strong representations from the Indian Mining Association to the Railway Board and the Calcutta Port Commissioners were rewarded by the grant of a special rebate in rail-freight and port terminal charges of eight annas per ton on coal for export. Immediately the Ceylon Government Railway contract was secured by India against competition from South Africa, holder of the contract, and this important contract, $1\frac{1}{2}$ lakhs tons annually, has remained with India ever since. Exports, which were only a little over 2 lakhs tons in 1935 and approximately the same in 1936, jumped to nearly $4\frac{1}{2}$ lakhs tons in 1937 and nearly $7\frac{1}{2}$ lakhs tons in 1938: for the first six months of 1939 they have been nearly five lakhs tons. The assistance given came at the right moment as Africa towards the end of 1936 found herself so short of coal as to necessitate the restriction of exports, thus affording to India an opportunity similar to that afforded to Africa in 1922.

The considerable increase in exports in 1938 is attributable to the Sino-Japanese conflict, which has put the Chinese coal industry out of gear. Competition in this China business is keen, as Japan, America and Africa as well as India are out for a share of it, and the business is therefore not very remunerative, but it constitutes a valuable offtake which has played an important part in supporting the price of good quality coal for other business. How long this business will continue is however problematical; it requires waters that are stormy, but not too stormy; it is likely to cease soon after the coming of peace to China, and is also likely to be curtailed by the slump in the Chinese dollar or by a Japanese blockade. With its cessation, any hope of maintaining the annual exports of Indian coal near the million tons mark also ceases.

It does appear however that even then an average export of between four and five lakhs tons may reasonably be expected. During the three years since the grant of the eight-anna rebate India has been able to consolidate her position in Ceylon, and to improve it in the Straits, Sabang and probably Manila; and the qualities of Dishergarh Seam Coal as a gas coal have received wider recognition than was previously the case. Exports in 1937 approached the five lakhs tons mark, with practically no business forthcoming from China, and it seems therefore likely that this figure can be maintained after the China business ceases. In this connection it is interesting to note that the Committee of the Indian Mining Association, when addressing the Railway Board in 1936 to ask for the special export rebate of eight annas, stated that they hoped this would result in an extra three lakhs tons of export business, from which it appears that they then visualised a potential export trade of about half a million tons annually.

The figures of shipments to the respective export markets since 1936 may be found interesting; they are as follows:—

		1936	1937	1938	Jan.-June 1939
Ceylon	1,62,040	3,69,280	2,72,514	1,62,230	
Straits	33,383	66,777	30,747	61,200	
Far East	12,631	7,528	4,61,690	2,64,201	
Aden and other Ports ..	3,317	26,766	3,362	20	

No account of the export trade would be complete without a reference to the work done for it by the Coal Grading Board. The Board may be said to have regularised the shipment business, and the following tribute was paid to it in 1937 by the Committee of the Indian Mining Association in their memorandum on the Report of the Coal Mining Committee:—

‘The primary function of the Grading Board is to further the Indian coal export trade and protect the interests, in respect of shipment coal, of such buyers as are otherwise unrepresented in India by seeing that the quality of coal shipped is that which the buyer has bought and that the standard of loadings is maintained at the correct level. The work of the Board has resulted in the standard both of picking and screening for shipment coal being given most careful attention at collieries, which is undoubtedly a sound, if unobtrusive, form of advertisement for Indian coal. Further, the Grading Board classifications are now known in export markets where Indian coal is sold, and furnish a satisfactory basis for transactions. We consider therefore that the work which the Board has done and is still doing for the coal shipment trade is of great value———.’

In conclusion, various benefits which interests other than the coal industry derive from the export trade in coal may be mentioned. It contributes towards India’s favourable trade balance. It brings additional traffic to the Railways and the Telegraphs. It brings ships into Calcutta to lift the coal, which is a bulk commodity, and these ships, as well as bringing revenue to the Port and business to Banks, brokers, stevedores, ship-chandlers and others, pay income tax on their profits. It increases employment. In short, it means to the country the advantages attendant upon a bigger export trade.