

C O N T E N T S.

- Dup.*
(1) Final Report of the Imperial Shipping Committee on the Deferred Rebate System. (Pages 1 - 52) X425:446.1-3
- Dup.*
(2) Report of the Indian Mercantile Marine Committee 1923-24 (Pages 1 - 88) F3
- Dup.*
(3) Report on the scheme for the Establishment of a training-ship in India (by M.B.Sayer) Pages 1 - 38)
- (4) Report of the Departmental Committee appointed to prepare a scheme for the reorganization of the Royal Indian Marine (Pages 1 - 29) X425.2.N1t F6
- Dup.*
(5) Report of the Indian Sandhurst Committee (Pages 1,64)
- Dup.*
(6) Report of the Conference on the operation of Dominion Legislation and Merchant Shipping Legislation, 1929. (Pages 1 - 45)

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FINAL REPORT
OF THE
IMPERIAL SHIPPING COMMITTEE
ON THE
DEFERRED REBATE SYSTEM.



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CONTENTS.

	PAGE.
MINUTE OF APPOINTMENT	3
REPORT.	6
APPENDIX I.—Copy of correspondence with the Government of the Commonwealth of Australia regarding the operation of the Deferred Rebate System in the Australian Outward Trade	26
II.—Summary of Evidence	29
III.—Summary of the Recommendations made by the Royal Commission on Shipping Rings	47
IV.—Copy of the Agreement between Shippers and Shipowners in force in the South African Outward Trade	48
V.—Copy of correspondence with the Chamber of Shipping and the Liverpool Steamship Owners' Association in regard to the possibility of an Option between the Deferred Rebate System and an Agreement System	50

[*Note.*—The Interim Report on the Deferred Rebate System as obtaining in the trade between the United Kingdom and Australia, dated August, 1924, was published as Cmd. 1436. Up to the date of that Report, the expenses of the Committee in connection with their enquiry into the deferred rebate system had been, as stated in that Report, £37 19s. 0d. and in addition the cost of printing and publishing the Interim Report was £8 18s. 6d. The further expenses of the Committee in continuing their enquiry have been £122 1s. 0d. and in addition the cost of printing and publishing the present Report is £36 17s. 6d. Thus the aggregate expense for the whole enquiry, which extended over two years, is £205 16s. 0d.]

The Imperial Shipping Committee have already issued the following Reports :—

- (1) On the Limitation of Shipowners' Liability by Clauses in Bills of Lading and on certain other matters relating to Bills of Lading (Cmd. 1205).
- (2) On the Functions and Constitution of a Permanent Imperial Body for Shipping Questions (Cmd. 1433).
- (3) On the Deferred Rebate System as obtaining in the trade between the United Kingdom and Australia [Interim Report]. (Cmd. 1486).
- (4) On rates of freight in the New Zealand Trade. (Cmd. 1534).

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INSTRUMENT OF APPOINTMENT OF THE IMPERIAL SHIPPING COMMITTEE.

—

WHEREAS the Imperial War Conference, 1918, passed on the 26th July, 1918, the following resolution :—

1. That in order to maintain satisfactorily the connections, and at the same time encourage commercial and industrial relations, between the different countries of the Empire, this Conference is of opinion that shipping on the principal routes, especially between the heart of the Empire and the Overseas Dominions, including India, should be brought under review by an Inter-Imperial Board on which the United Kingdom and the British Dominions and Dependencies should be represented.
2. That for this purpose an Imperial Investigation Board, representing the various parts of the Empire, be appointed, with power to enquire into and report on all matters connected with ocean freights and facilities, and on all matters connected with the development and improvement of the sea communications between the different parts of the Empire, with special reference to the size and type of ships and the capacities of harbours; the Board to include, in addition to representatives of the Governments concerned, persons with expert knowledge of the problems involved, including representatives of the shipping and trading interests;

•

AND WHEREAS it has been represented to me, the Right Honourable David Lloyd George, Prime Minister and First Lord of the Treasury, by the Secretary of State for the Colonies after consultation with the Governments of the Dominion of Canada, of the Commonwealth of Australia, of the Dominion of New Zealand, of the Union of South Africa and of Newfoundland, by the Secretary of State for India and by the President of the Board of Trade, that it is now desirable that a Committee should be appointed under the title of the Imperial Shipping Committee, with the following functions, *viz.* :—

- (i) To enquire into complaints from persons and bodies interested with regard to ocean freights, facilities and conditions in the inter-Imperial trade or questions of a similar nature referred to them by any of the nominating authorities, and to report their conclusions to the Governments concerned.
- (ii) To survey the facilities for maritime transport on such routes as appear to them to be necessary for trade within the Empire, and to make recommendations to the proper authority for the co-ordination and improvement of such facilities with regard to the type, size and speed of ships, depth of water in docks and channels, construction of harbour works and similar matters.

Now I, therefore, do hereby appoint the following persons to form the Imperial Shipping Committee and to exercise the functions hereinbefore set forth:—

- Sir H. J. Mackinder, M. P. (*Chairman*).
- Sir A. H. D. Ramsay Steel-Maitland, Bart., M.P., nominated by the Secretary of State for the Colonies.*
- Sir W. S. Meyer, G.C.I.E., K.C.S.I., nominated by the Secretary of State for India in Council.†
- Sir Hubert Llewellyn Smith, G.C.B., nominated by the Board of Trade.
- Hon. Sir George H. Perley, K.C.M.G., nominated by the Government of the Dominion of Canada.‡
- Mr. H. B. G. Larkin, nominated by the Government of the Commonwealth of Australia.
- The High Commissioner for New Zealand, nominated by the Government of the Dominion of New Zealand.
- Captain G. Bowden, M.C., nominated by the Government of the Union of South Africa.
- Hon. Sir Edgar R. Bowring, nominated by the Government of Newfoundland.
- Sir Kenneth Anderson, Bart., K.C.M.G., §
- Sir Alfred Booth, Bart., ||
- Mr. W. Lionel Hichens,
- Mr. Kenneth Lee,
- Mr. J. W. Murray,

} being persons experienced in shipping and commerce.

I further appoint Mr. E. J. Elliot, ¶ of the Board of Trade, to be Secretary to the said Committee.

(Signed) D. LLOYD GEORGE.

June 15th, 1920.

* On July 26th, 1922, Sir Gilbert Grindle, K.C.M.G., C.B., was appointed a member of the Committee in the room of Sir Frederick Butler, K.C.M.G., C.B., who resigned on joining the Foreign Office. Sir Frederick Butler had on October 2nd, 1920, succeeded Sir A. H. D. Steel-Maitland, who had resigned on the ground of ill-health.

† Sir W. S. Meyer died on October 18th, 1922.

‡ On April 15th, 1923, Hon. P. C. Larkin was appointed a member of the Committee in the room of Sir George Perley, resigned.

§ From January 19th, 1921, to June 7th, 1921, Mr. William J. Noble (now Sir William J. Noble, Bart.), served on the Committee during the absence from the country of Sir Kenneth Anderson.

|| On May 9th, 1921, Mr. T. Harrison Hughes was appointed a member of the Committee in the room of Sir Alfred Booth, who had resigned on the ground of ill-health. From February 3rd, 1922, to May 1st, 1922, Mr. L. C. Harris served on the Committee during the absence from the country of Mr. T. Harrison Hughes.

¶ Mr. R. D. Fennelly, also of the Board of Trade, has since September, 1920, acted as Assistant Secretary.

FINAL REPORT
OF THE
IMPERIAL SHIPPING COMMITTEE
ON THE
DEFERRED REBATE SYSTEM.

- TO THE RIGHT HONOURABLE A. BONAR LAW,
 Prime Minister and First Lord of the Treasury ;
- TO THE RIGHT HONOURABLE W. L. MACKENZIE KING, C.M.G.,
 Prime Minister of the Dominion of Canada ;
- TO THE RIGHT HONOURABLE W. M. HUGHES, K.C.,
 Prime Minister of the Commonwealth of Australia ;
- TO GENERAL THE RIGHT HONOURABLE J. C. SMUTS, K.C., C.H.,
 Prime Minister of the Union of South Africa ;
- TO THE RIGHT HONOURABLE W. F. MASSEY,
 Prime Minister of the Dominion of New Zealand ;
- TO THE HONOURABLE SIR RICHARD A. SQUIRES, K.C.M.G., K.C.,
 Prime Minister of Newfoundland ;
- TO THE RIGHT HONOURABLE THE VISCOUNT PEEL, G.B.E.,
 Secretary of State for India ;
- TO THE RIGHT HONOURABLE HIS GRACE THE DUKE OF
 DEVONSHIRE, K.G., G.C.M.G., G.C.V.O.,
 Secretary of State for the Colonies ;

REPORT.

WE, the IMPERIAL SHIPPING COMMITTEE, acting under the first part of our terms of reference, have enquired into complaints received from the Governments of the Commonwealth of Australia and of other parts of the British Empire, and from bodies interested in trade with various parts of the Empire, regarding the operation of the deferred rebate system.

We now beg leave to report our conclusion upon this subject to all the Governments of the Empire, since they are all concerned.

1. The question of the deferred rebate system was first brought to the notice of the Imperial Shipping Committee in a letter of the 15th November, 1920, by the Government of the Commonwealth of Australia, and a copy of this letter and of subsequent correspondence is appended (Appendix I). From this it will be seen that the complaint arose from the operation of the deferred rebate system in the outward trade to Australia as against shipments by the Commonwealth Government Line and that reference was made to allegations of threats that the Conference Lines would shut out the cargo of shippers using the Government Line. Finally, the Imperial Shipping Committee were asked to make a full investigation of the matter "with a view to ascertaining whether some recommendation should not be made to the British Government which will protect alike the interests of the Commonwealth Government Line and also the interests of the importers and shippers against the attitude of the Conference Lines."

2. Several witnesses in regard to this complaint were heard and as the enquiry proceeded representations regarding the operation of the system in other trades were received from the following quarters :—

- (a) The Crown Agents for the Colonies—with special reference to shipments on Government account.
- (b) The East Indian Grain and Oilseed Shippers' Association and nine other Trade Associations in the United Kingdom interested in the Indian trade, who made a joint representation against the rebate system as obtaining in the Calcutta homeward trade.
- (c) The following associations in India made a representation against the rebate system as applying in the trades from India to United Kingdom, South Africa, the Plate and West Coast of South America and to China, Japan and Java :—

The Calcutta Jute Fabrics Shippers' Association ;
The Baled Jute Shippers' Association ;
The Calcutta Wheat and Seed Trade Association.

- (d) The Associated Producers of East Africa and Uganda and, more recently, the Associated East African Chambers of Commerce at Nairobi.
- (e) The Ceylon Association (London).
- (f) The Association of West African Merchants (who forwarded a resolution against any reimposition of the system in that trade).

3. The question of the deferred rebate system as affecting the New Zealand trade was also brought to the notice of the Committee, in the course of correspondence with the Government of New Zealand respecting the current freight rates charged by the lines trading to New Zealand, in the shape of a recommendation, dated October 1920, of a Select Committee of the New Zealand House of Representatives to the effect that the system should be made illegal.

4. Moreover, at the Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India in the summer of 1921, the position as regards rebates generally was discussed and strong representations were made by Dominion Ministers in regard to it, but no resolution was passed precisely for the reason that the matter was understood to be under consideration by the Imperial Shipping Committee.

5. The Committee, accordingly, decided that their enquiry which had hitherto been confined to the Australian trade, must be extended to Imperial Ocean Trades generally, and steps were taken to obtain the relevant evidence from the bodies and associations who had made representations and also from other representative bodies of traders and shipowners.

6. There was, however, one item of the complaint from the Australian Government which it was considered desirable to treat quickly and separately. This had reference to the alleged intimidation of shippers by threats on the part of shipping companies to shut out the cargo of shippers who did not ship exclusively by the Conference Lines. Our conclusion on this particular matter was given in an interim report issued on 5th August, 1921 (Cmd. 1486). It was to the effect that certain cases had occurred where cargo had been refused by certain Conference Lines although their ships were not full, on the ground that the shippers had not confined their shipments to the Conference. The Australian and New Zealand Conferences, however, emphatically repudiated any such policy of intimidation and it appeared that the cases which had occurred were due to unauthorised action on the part of subordinate officials in certain Conference Lines. We added in that report that we would investigate any complaint of such treatment which might be brought before us, but we have not received any further complaint under this head.

7. To return to the main question. Evidence has been taken by the Imperial Shipping Committee in regard to the deferred rebate

system, as applying in inter-Imperial trades from the following witnesses :—

(i) *On behalf of the Australian Government (in January and February, 1921.)*

Mr. R. J. Turner, J. P., Chairman of Messrs. Turner, Davidson and Company, Limited, Brokers to the Commonwealth Government Line,

Mr. Lionel Frank, Managing Director of Messrs. Leopold Walford Transports, Limited, Loading Agents for the Commonwealth Government Line.

Mr. A. H. Wright, Chief Accountant in London to the Government of the State of Victoria.

Mr. C. T. McGlew, Managing Partner of Messrs. C. T. McGlew and Company, Merchants and Exporters in the Australian Trade.

The Managing Director of a firm of merchants in the Australian Export Trade who did not wish his name to be disclosed.

(ii) *On behalf of the Crown Agents for the Colonies (October, 1921).*

Mr. T. D. Holt, O.B.E., Head of Shipping Department.

(iii) *On behalf of Traders' Associations (November, 1921—March, 1922).*

Sir Stephen Demetriadi, K.B.E., on behalf of the group of Associations referred to under 2 (b) as engaged in the Calcutta Homeward Trade and in regard to that trade.

Mr. E. B. Tredwen, Chairman of the Australasian Merchants' Association, Limited of the Australasian Section of the London Chamber of Commerce and of the Merchants' Committee of the London Chamber of Commerce (who, however, gave evidence only as a representative merchant and not directly on behalf of any of these bodies) in regard chiefly to the Outward Trade to Australia.

Sir Stanley Bois, on behalf of the Ceylon Association in London and in regard to the Colombo Homeward Trade.

Mr. W. Soper, on behalf of the South African Traders' Association and in regard to the South African Outward Trade.

Mr. W. W. Wilson, Chairman of the Jute and Linen Goods Merchants' Association, on behalf of the Dundee Chamber of Commerce and in regard to ocean trades generally.

Mr. W. H. Hooker, Deputy Chairman of the East African Section of the London Chamber of Commerce, and Mr. D. F. Basden, a member of the same Section, in regard to the East African Trade.

Mr. Montagu Laing, of Messrs. Sargood Sons and Ewen, mainly with reference to the inequality between the rebates in the

New Zealand Outward Trade and those in the Australian Outward Trade.

Sir Rhys H. Price, K.B.E., C.M.G., of Messrs. Peacock Brothers, Import and Export Merchants in South Africa, in regard to the South African Homeward Trade.

Mr. David Landale, of Messrs. Jardine Mathieson and Company, Chairman of the China Association, in regard to the Far Eastern Trade.

In addition, written communications were received from the West India Committee, the Manchester Association of Importers and Exporters and the British Imperial Council of Commerce who did not send witnesses to appear before the Committee.

(iv) *On behalf of the Shipowners.*

Rt. Hon. Lord Inchcape, G.C.M.G., K.C.S.I., K.C.I.E., Managing Director of the Peninsular and Oriental Steam Navigation Company, as regards the case of the Australian Government against the deferred rebate system.

Sir Alan G. Anderson, K.B.E., a Manager of the Orient Line.

Sir Percy Bates, Bart, G.B.E., Deputy Chairman of the Cunard and Associated Companies.

Mr. R. D. Holt, of Messrs. Alfred Holt and Company.

Sir Ernest Glover, Bart., as representing tramp-owning interests.

The last four witnesses were nominated jointly by the Chamber of Shipping of the United Kingdom and the Liverpool Steamship Owners' Association, who also furnished the Committee with a joint memorandum embodying their views.

8. The verbatim evidence of the witnesses has of course been duly recorded, but following our usual practice, which is largely based on the ground of economy, we have appended to this report only a summary of it (Appendix II) and not the evidence itself in extenso.

9. The whole question of Steamship Conferences and the deferred rebate system was exhaustively investigated by the Royal Commission on Shipping Rings which was appointed in 1906 and reported in 1909.* The main or Majority Report of the Commission gives detailed information as to the origin and history of Conferences and of deferred rebates and as to the features of these systems as existing in the various international trades at that time. It surveys in detail, and discusses at length, the whole of the problems involved and it concludes with certain specific recommendations to which we shall revert below. It was accompanied by an important Minority Report.

* Details of the Commission's publications, all of 1909, are as follows :—

Vol. I. Report (Cd. 4668).

Vol. II. Appendices (Cd. 4669).

Vols. III and IV. Minutes of Evidence (Cd. 4670 and Cd. 4685).

Vol. IV. Report of Sub-Commission upon evidence taken in South Africa, with Minutes of Evidence and Appendices (Cd. 4686).

10. In all the circumstances and having regard especially to the fact that, as shown below, the recommendations of the Royal Commission had not been exhausted or even to any considerable extent adopted, it became clear to the Committee that it would be best to treat the present enquiry as supplementary to that of the Royal Commission. Accordingly, it was decided to adopt for the purposes of this enquiry the evidence as given before the Royal Commission and in taking fresh evidence to pay particular attention to :—

- (a) Any changes which have occurred in the application or operation of the deferred rebate system since the date of the Royal Commission.
- (b) The manner in which or extent to which the burden of complaint against the system has altered.
- (c) Any steps taken to give effect to the recommendations of the Royal Commission.

11. In the first place it has to be noted that new or additional legislation against the deferred rebate system has since 1900 been passed in Australia, South Africa and the United States of America, viz. —

(1) *Australia.*

The "Australian Industries Preservation Act, 1906" to which the Royal Commission referred as "containing provisions which might affect the operations of shipowners making use of the rebate system" has now been consolidated and amended into the "Australian Industries Preservation Act, 1906-10" under which rebates are definitely made illegal. This prohibition of rebates applies to all trades outward from Australia.

(2) *Union of South Africa.*

The South African Government passed, in 1911, the Post Office Administration and Shipping Combination Discouragement Act which attacked the system of deferred rebates through the medium of the mail contract. It provides that the Governor-General shall not enter into any ocean mail contract with any person who gives any rebate upon condition of the exclusive shipment of goods by vessels of particular lines.

(3) *United States of America*

The Royal Commission stated that "the system [of deferred rebates] is probably prohibited by the [U. S.] legislation directed not against shipowners in particular but against all combinations tending to create a monopoly." The system is now, however, made definitely illegal by the Merchant Shipping Act of 1916, as amended by the Act of 1920 (Jones Act), and the legislation appears to apply to shipments in both directions.

12. *Changes in the operation of the Deferred Rebate system.*

(i) As a result of the new legislation in South Africa it became necessary for the Union Castle Mail Steamship Company, Limited, who held the mail contract between the United Kingdom and South Africa, to discontinue the deferred rebate system and it was

also dropped by the other Lines in the South African Conference. It has been replaced by the "Agreement System" to which we shall have occasion to refer later.

Other changes that have taken place since 1909 are as follows :

(ii) *Australian Outward Trade*.—During the war and owing to causes arising out of the war the Commonwealth Government had become the owners of a considerable number of steamers and after the end of the war this Government Line started regular services in the Australian Trade. In view of the Commonwealth legislation referred to above this Line was precluded from becoming a party to the rebate system which the Conference continued to operate in the outward trade to Australia, so that shipment by the Government Line involved the loss of rebates, which on their part, however, the Government Line was ready to make good to the shipper on certain conditions. It is this position that occasioned the present complaint from the Australian Government and it is the most important development in regard to the commercial side of shipping with which we have to deal, with the possible exception of the South African agreement.

(iii) *Calcutta-Homeward Trade*.—The Royal Commission in referring to this trade stated that "the bulk of the cargo shipped . . . is rough cargo such as linseed, wheat and jute, all of which is suitable for shipment by tramp steamers, and upon cargo of this kind it has not been found possible to impose the rebate system." The deferred rebate system was, however, introduced into this trade for general or rough cargo in May, 1919, but not for tea, the freight on which is fixed by a separate agreement.

(iv) *West African Trade*.—During the war, the rebate system in operation in this trade lapsed. It was, however, reimposed about the beginning of 1922. This was done, we understand, at the request of some of the smaller merchants engaged in the trade, in face of the severe competition which they were experiencing from one of the largest groups in the trade who were in a position to load their own ships with full cargoes and also to get the ordinary liner rate when it suited them. The smaller men hope, it appears, by the re-imposition of the rebate system, to restore a measure of equality.

(v) *East African Trade*.—At the time of the Royal Commission, trade with East Africa was little developed and vessels called only irregularly. In time, however, the trade developed, more regular services were run and the rebate system was imposed in both the outward and homeward trades. During the present year the period of deferment has been reduced from six to four months, so that rebates on shipments made, say, during the first four months of the year become payable on September 1st of the same year.

(vi) *Straits Settlements Homeward Trade*.—In 1911, an agreement was arrived at in London under which the Conference undertook that once every three years the overlapping of rebates should cease and shippers be free to leave the Conference without

loss of rebates. This opportunity was given in 1911, 1914, 1917 and 1920.

13. As regards the composition and internal organisation of the Conferences, we have received no evidence to show that any fundamental changes have taken place therein, though the membership of certain Conferences has undergone some changes, notably owing to the disappearance of certain foreign lines as a consequence of the war. Moreover, no substantial alterations, other than those above mentioned, appear to have been made in the details of the deferred rebate system as applied in the several trades.

14. Having thus far dealt with the changes that have occurred in the operation of the deferred rebate system since the date of the Royal Commission, we have now to examine the evidence that the shippers have brought before us in support of their complaints against the system and that of the shipowners in reply. A full summary of all the evidence will be found, as stated in paragraph 8, in Appendix II (p. 31).

THE PRESENT MAJOR COMPLAINTS AGAINST THE DEFERRED REBATE SYSTEM.

(A) Complaints of unduly High Freights and Profits.

15. While some of the shippers' witnesses who appeared before us seemed to be actuated rather by the feeling that steamship Conferences had it in their power to press unduly on them than by any harsh treatment actually suffered, definite evidence was given by others as purporting to show that shipowners, by means of their hold over shippers through the rebate system, were able to, and did, charge unduly high freights, and thus make unduly high profits at the shippers' or consumers' expense.

16. The complaints in regard to freights which were alleged to be unduly high were based on certain comparisons; firstly, with the freights charged from Continental ports for the same destination and the same commodities; secondly, with the rates charged in competitive foreign trades—in particular the rates on linseed from the Argentine were put forward as showing that those from Calcutta for the same commodity were unfairly high; in both these cases the point of the complaint was that the freight rates set up as a standard were not subject to the rebate system; and thirdly, it was sought to show by reference to the Bombay-United Kingdom rates where again the rebate system did not apply that the Calcutta rates were disproportionately high. The full facts and contentions introduced in this connection on behalf of the shippers are summarised in Appendix II (page 31 *et seq.*), to which reference is invited. Similarly, in regard to the question of profits, this summary will be found to contain details indicating the general line of argument used by the shippers.

This part of the evidence has, we recognise, serious aspects for British trade and we have given it our careful attention. The shipowners' evidence in reply is dealt with in paragraph 20 and the attitude of the Committee in regard to it will be found at paragraph 31.

(B) *General Nature of Shippers' Attitude.*

17. The complaints made to us against the deferred rebate system as a whole follow in general the same lines as those made to the Royal Commission. Broadly, the main contention of the complainants is that the system enables steamship conferences to maintain a monopoly and to set limitations to the shippers' freedom of action. They point out that the shipowners in a Conference tie their customers to them by means of the rebate and are thus enabled to render it difficult for any other shipowner to start a service in their particular trade, and any shipper, through fear of the forfeiture of his accrued rebates, from taking advantage of any more favourable opportunity of shipment which may occur outside the regular lines. Thus, in effect, they maintain that the shipowners are able to achieve a monopoly through which they can unduly press on their shippers.

18. The complaint of the Government of the Commonwealth of Australia is of the same order. The Government contends that by means of the rebate system the lines comprised in the outward trade to Australia from this country prevent shippers from taking advantage of the service of the Government Line in the outward trade or, in other words, that the Conference has created a monopoly which it seeks to maintain to the exclusion of the Government Line.

THE SHIPOWNERS' REPLY TO THE MAJOR COMPLAINTS AGAINST THE REBATE SYSTEM.

19. In dealing with the shipowners' evidence given in reply to the complaints that have just been described, we propose first to present that which deals respectively with the particular complaints of too high freights and profits and with the general position of the rebate system arising out of the latter, and then to consider the advantages claimed by the shipowners to be bound up with the system.

(A) *As to Complaints of unduly High Freights and Profits.*

20. In the first place, as regards the facts put forward by the shippers to show that the Conferences by means of the rebate system were in a position to, and did as a matter of fact, charge unduly high freights and consequently make unduly high profits, the shipowners in every case contend that the instances quoted do not justify the conclusions which the shippers seek thereby to establish. A full summary of the facts and arguments brought forward in this way on behalf of the shipowners will be found in Appendix II (p. 41 *et seq.*). The shipowners' evidence generally brings forward additional factors in the situation which offer explanations of the anomalies, which in some cases, at any rate, are admitted to exist. For example, it was admitted that low Continental freights much cheaper than the corresponding British Conference rates had recently occurred, but it was stated that this was due to exceptional competition between foreign lines which has brought the rates in many cases below the true economic level, that is, below the real cost, and, of course, the situation has been made more difficult for British vessels owing to collapsed and falling exchanges. We are informed that in normal times Conference agreements kept Continental and British rates at a parity; this position had been disturbed by the war and its after effects, but there was now a movement

to re-establish it. In the cases of comparison of freight rates under the rebate system with rates in similar trades in which the rebate system did not obtain, the shipowners offered explanations based on the various particular factors affecting those trades, of which all that need be said here is that they go to illustrate the intricate nature of the business of running ships.

(B) *The Shipowners' General Attitude.*

21. With regard to the general nature of the shippers' attitude, the shipowners who gave evidence before us urged very strongly that the Conference and deferred rebate systems did not confer upon them a real monopoly, but only, as it were, a quasi-monopoly subject to very considerable limitations. They say that shippers are free to ship outside the Conference if they are willing to forfeit their accrued rebates, and further they urge that though the amount of the rebate might be as much as 10 per cent. of their freight business over a period of nine months or more, it will be so small in comparison with the value of the goods shipped that it would be insufficient to hold the shippers to them if they abused any advantages the system conferred on them. It is admitted, however, that in the case of a large shipper the accumulated rebates might amount to a substantial sum, which would be greater than the freight on a considerable consignment.

22. The Memorandum put in by the Chamber of Shipping and the Liverpool Steamship Owners' Association shows that on the general question the shipowners adopt a standpoint which is practically the same as that of the Majority Report of the Royal Commission. They contend strongly, moreover, that the present complaints against the system are not so strong as the complaints made to that Commission.

THE ADVANTAGES CLAIMED FOR THE REBATE SYSTEM.

23. The shipowners claim that they are enabled by means of the rebate system to confer certain advantages on their customers. The shippers readily admit these advantages, but they do not agree that they cannot be attained except through the rebate system. The most important of them are regularity, frequency, and efficiency of service, together with stability of freights, equality of treatment and abstention from shipment on owner's account. These advantages are not the subject of any explicit guarantee on the part of shipowners; they are customary and implicit in the system.

24. *The Need for Regular, Frequent and Efficient Services.*—It is generally admitted that the Conference Lines do supply regular, frequent and efficient services. As one witness put it to us, "shippers preferred small quantities of freight space at regular intervals." With certain particular exceptions, such as in the outward trades from Manchester (cf. App. II. Page 40) and in the East African trade (cf. App. II. Page 38), there was no evidence of any shortage of tonnage or lack of facilities which should be provided by the Conferences. It is also true that these features are equally present in certain trades where, although there are Conferences, no rebate system is in force (as to which see §38 below).

25. *Stability of Freights.*—The importance of stability of freights is obvious. It enables merchants to make forward contracts with

certainty and reduces the speculative element which traders dislike. The shippers who gave evidence were nearly all in agreement that stable freights were a necessity for modern trade. The shipowners point to the very great increase in tramp rates during the war period relatively to the corresponding increase in liner rates as a demonstration of the stabilising influence of Conferences. Though it appeared that the present system might tend to delay falls in freight which were justified by changed conditions, the shippers were generally fully prepared to acquiesce in this possibility for the sake of stability.

26 *Equality of Treatment.*—The shippers who appeared before us were again mostly of opinion that it was extremely satisfactory to them in their business to know that the freight rate is the same for all shippers. In the case of general merchandise, no case was brought to our notice where the general rule of equal freights for large and small shippers was not adhered to. It might happen that a large shipper could secure a reduction in the ruling rate, but where this was done the rate was also reduced for the small shipper irrespective of quantity.

27. There are certain exceptions to this rule as, for instance, in the case of large consignments of rails and similar commodities which are peculiarly fitted for carriage by tramps and chartered vessels. In such cases, shipowners have perforce to make contracts for their carriage at lower rates than those charged for a small consignment of the same nature, and shippers, generally, do not take exception to those restricted departures from the rule.

28. *No Carriage of Cargo on Ship's Account.*—It appears that in certain cases it was the practice, prior to the introduction of the rebate system, for shipowners when they found it difficult to provide sufficient cargo for their ships, to purchase cargo themselves and ship it more or less as a speculation in competition with the regular merchants. It is implied in the rebate system, although not explicitly guaranteed, that shipowners shall abstain from any such procedure, and the shippers regard it as important that this position should be maintained.

29. To sum up then, regularity of service, stability of freights and equality of treatment, together with abstention from shipment on shipowners' account, are the solid advantages which it is claimed by the shipowners can only be secured by the existence of Conferences and the rebate system or some equally effective tie. On the other hand, the shippers are not unanimous in agreeing that Conferences and their ties are a necessity without which the advantages could not continue. That stable and regular conditions are essential to the conduct of modern commerce is, however, clearly the view of the large majority of shippers, and with this view we find ourselves in entire agreement.

THE MAIN QUESTIONS AT ISSUE.

30. It appears to us, therefore, that the main questions we have to consider are what conditions are necessary to secure regular, frequent, and efficient services at moderate, equal, and stable rates of freight and what assurance of continuous support from shippers is necessary to enable shipowners to offer such services at such rates.

31. The question whether a particular freight is or is not unduly high involving, as it does, the consideration of very many highly

variable factors, is very difficult to answer. Even more formidable is the question of what is a reasonable profit. Thus to deduce any reliable conclusion from this part of the evidence would, in our view, necessitate a very searching investigation, and even if this were practicable it appears to us doubtful whether the results obtained would be of any general application or importance. It should, however, be added that during 1921, acting on a complaint by the New Zealand Government, we did investigate specifically the level of freights in the homeward trade from New Zealand. On that occasion we had before us definite audited information as to the out-goings and in-comings for a continuous series of round voyages in the trade, and in our Report (Cmd. 1564) we give our conclusion that the freights current at that time were not unreasonable.

(a) *Question of the Necessity for Conference Systems.*

32. It appears now to be a universal condition of the larger industries in all progressive countries that there should be a high degree of organisation among the chief companies, firms, or other units, and this condition is especially marked in industries which have to deal with transport. The necessity for such organisation obtains clearly in the case of liner services. They have to provide for the distribution all over the world of heterogeneous classes of goods, the circulation of which to an ever increasing extent constitutes an essential part of the world's economy. The requirements for this part of commerce are in marked contrast to those of bulk cargoes in general, where large quantities of the same kind of goods have to be carried at irregular intervals. The ships which cater for this trade are in the main separate units, but the liner service requires fleets of ships operating in unison and consequently large capital resources and a carefully perfected central administration.

33. It is clear that competition between individual liners or lines in the same trade would be quite incompatible with stability of rates and that the trade would in fact tend to return to the disturbed conditions which prevailed before the introduction of the Conference system, or to those characteristic of the tramp market. The shippers might for a time secure the benefit of low-cut rates, but there would inevitably be a strong tendency to abandon regularity in sailings and there would be no guarantee, such as obtains at present, of any general progress in the type of vessel plying and the nature of the facilities afforded. We consider, therefore, that the Conference system must be accepted as a necessary concomitant of modern commerce.

(b) *Question of the Necessity for a "Tie."*

34. It has been further strongly urged upon us by shipowners that as a general rule these Conferences could not remain in being and able to ensure to shippers the advantages referred to above unless they had some assurances of continuous support from their customers. In other words, they claim that the shippers in a particular trade should be, in some manner, tied to them. The argument is that under the deferred rebate system the ship owners feel themselves under an obligation to provide sailings at regular intervals, the vessels sailing full or not full, to keep freights stable and to treat large and small shippers alike. The fact that a trade was open to all shipowners would lead to the incursion of outside

ships at times when the trade was flourishing, or enable large shippers to charter to the detriment of smaller shippers, while retaining the right to use the liner service when it suited them. These outside ships would quickly disappear when the seasonal or periodic depression set in, leaving the regular lines to bear the brunt of this depression. The attitude of the Conferences is that they could not continue in times of bad trade to furnish regular services in which ships often sail with little cargo unless in times of good trade they are permitted to carry all the cargo offering. Without this assurance, they could not afford to send their ships only partially filled. Advertised sailing dates would go by the board and in the long run regularity of service would be seriously impaired.

35. Further, it is claimed that not only the regularity of the service, but also its efficiency would be impaired. Without the comparative security of tenure which the tie over their customers gives to them, shipowners would not have the same incentive to undertake building programmes and to furnish larger and faster ships or types especially suited to a given trade. The intermittent competitor would generally be of the tramp class, which, although not suitable for the transport of many kinds of cargo such as fine goods, which would still go by the more regular and better boats, would nevertheless be well able to carry a great volume of general goods of medium and low value, especially in cases where time is not an essential factor. The loss of this class of cargo would be of great moment to the regular lines and obviously involve considerable changes in the freights charged on the remaining goods or in the whole policy of the lines.

36. In this connection we thought it desirable to ascertain the views of the tramp owners themselves in regard to the deferred rebate system. The evidence given by their representative was to the effect that although tramp owners did not pretend to like the rebate system, which was admittedly aimed at excluding them, they did not hold any strong views in the matter so long as the system only applied to parcel or berth business and did not extend to whole cargoes; and that, generally speaking, tramp owners did not want to cut into berth business.

37. It is also clear that if a trade becomes open to competition by outside ships, the cutting of rates becomes a normal operation and all stability is destroyed. This would render it difficult for shippers to make forward contracts with any degree of certainty and would introduce that speculative element which is detrimental to modern commerce and which shippers desire to avoid. Further, individual lines anxious to secure their own positions as far as possible, would gradually be driven to make preferential contracts with customers controlling large amounts of cargo, and such contracts would naturally give a large merchant considerable advantage over his smaller competitors.

38. On the other hand, it is true that regular sailings are to be found in certain trades where nothing in the nature of a tie exists. Instances of such trades are given in the summary of evidence (Appendix II, page 47). On examination it will we think, be found that the exceptional position is in these cases attributable to the peculiar circumstances of the trade, or that, though more or less regular sailings are given, the other desiderata are missing.

39. Most of the shippers who gave evidence before us were of opinion that some tie was necessary. Some, however, said they would be quite content to ship with an open freight market. There is no doubt that such a market would suit some shippers, especially those who ship large quantities of bulky goods, but their trade would approximate to that which is catered for by the tramp.

40. We have carefully considered the question of the necessity for a "tie," and it appears to us that there is a clear mutual obligation the shipper wants the ship on the berth without fail and the shipowner wants the goods on the berth without fail. Hence we find that it is necessary for the Conferences to have some assurance of continuous support from shippers such as will constitute an effective method of preventing intermittent and irresponsible competition for berth cargo by outside ships.

(c) *Question of the Entry of a New Line into a Trade.*

41. The case of a new line definitely organising itself to enter a given trade and provide a regular service is different. It is to such a line, rather than by chance shipments in vessels of the tramp class, that the shippers would look if they were dissatisfied with the service they were obtaining from Conference Lines. Shipowners urge upon us that the deferred rebate system is not sufficient to prevent the entrance of a well-organised line desirous of a permanent place in the trade provided that the shippers want it; and that if such a line offers on the whole better facilities than the established lines and is prepared, as is generally done, to reimburse the shippers for their loss in accrued rebates in return for their support, many shippers would gravitate to it. We think that there is some force in this contention. In the history of the deferred rebate system there have been numerous attempts by new lines to enter particular trades. Many of these have been successful and the new lines admitted to the Conference after a more or less protracted struggle. In some cases these lines were invited to enter the trade by the shippers, who have even at times organised mutual shipping companies themselves. On the other hand, it is conceivable that many shippers would be deterred from using an opposition line by the fear that the established lines would discriminate against them by, for instance, shutting out any cargo they might wish to send by these lines. Such a policy has, however, been expressly repudiated by the Australian Conference (cf. § 6).

42. These conclusions do not, of course, involve the proposition that the deferred rebate system is necessarily the only or the best form of tie whereby the shipowner can be assured of the requisite degree of support for his liner services, or that any tie can be devised to which there will not attach disadvantages in practice or potential abuses which must be provided against as far as possible. We have accordingly now to approach the questions: (a) whether there is any alternative to the deferred rebate system, and (b) what recommendations can be made with a view to minimising any disadvantages that may attach to that system or to any such alternative.

**THE CONCLUSIONS AND RECOMMENDATIONS OF THE ROYAL COMMISSION
ON SHIPPING RINGS.**

43. Before entering upon a discussion of these matters, it will be convenient to refer to the conclusions of the Royal Commission on Shipping Rings and later to their recommendations. A short statement of their main conclusions is appended (Appendix III). These were not unanimous and were contained in a Majority Report, a Minority Report, and an important reservation made by Sir David Barbour. In the main, our present conclusions as to the necessity for the maintenance of the Conference system and for some form of tie coincide with those of the Royal Commission. They further found that the only alternative tie to the deferred rebate system was the system of preferential contracts which had been in operation before the introduction of the rebate system. The Commission did not approve this system at all, and most of the shippers who gave evidence before us were opposed to any reversion to it. Such contracts exist in but few trades now, having been replaced by rebate systems with varying periods of deferment on almost all routes on which general merchandise is carried.

THE AGREEMENT SYSTEM.

44. Since the issue of the Royal Commission's Report, however, a new method of tying the shippers has recently come into operation. We refer to the South African Agreement. When the South African legislation which we have mentioned above forced the liner companies trading to South Africa to relinquish the rebate system, an agreement was drawn up after negotiations between the South African Trade Association and the South African Shipping Conference. A copy of the agreement is attached as Appendix IV. The individual shippers who sign it agree to give their entire support to the regular lines in the Conference. In return, the lines undertake to maintain regular berth sailings at advertised dates, the ships to sail full or not full, and to provide sufficient tonnage for the ordinary requirements of the trade; and, further, to maintain stability of freights, which are definitely prescribed in the agreement, and equality to rates to large and small shippers alike. Arrangements are made for consultation between the Association and the Conference regarding any revision of freight rates and other matters, and also to meet any disturbances caused to the stability of rates through the cutting of rates by outside lines. The agreement is for one year and is terminable by either party at any time thereafter at six months' notice.

45. It will be seen that this agreement equally with the deferred rebate system fulfils a two-fold function. On the one hand, it ensures to the Conference the entire support of shippers over the period of the contract and on the other it explicitly ensures to the shippers the advantages to which they are entitled by implication under the rebate system. The shippers pay net freights and their adherence does not depend upon the accumulation of what they consider their capital in the ship-owners' hands; the *continuous* nature of the hold which the rebate system implies, and to which shippers object, disappears.

46. The shipowners did not regard the agreement system as such an effective tie as the rebate system mainly because it lacked its automatic character. In their view, it was difficult to bring all shippers in a trade under it, and the protection which the shipowners were able to afford to the shippers giving them exclusive support would be wanting unless all shippers signed the agreement. They did not think it was likely to be so effective for other trades as for the South African outward trade, where the shippers' interests were to an exceptional degree represented by their Association. They said that the agreement system had not been established sufficiently long for any definite opinions as to its value to be formed.

47. On the other hand, we gathered from the shipowners that at present the agreement in the South African outward trade was working not unsatisfactorily. The witness on behalf of the South African Trade Association, which represents merchants engaged in the South African trade, stated that they were well satisfied with the working of the agreement. As regards the extension of such a system to other trades, there was no conclusive evidence.

48. Impressed by the possibilities of the agreement or general contract system as an alternative to the deferred rebate system, we explored the idea of an option being given to shippers to choose between the two systems, and, as the attitude of the shipowners led us to believe that they were genuinely anxious to fall in with the wishes of their customers, the shippers, in any practical scheme, we brought this question of extending an option to shippers as between the agreement and deferred rebate systems specifically to the notice of the Chamber of Shipping of the United Kingdom and the Liverpool Steamship Owners' Association. In their reply they have expressed the opinion that the Conferences would be perfectly ready to go into the matter with their shippers if a majority of them pressed for the option (see copy of correspondence in Appendix V).

AN OPTION BETWEEN THE REBATE AND AGREEMENT SYSTEMS RECOMMENDED.

49. On further consideration we have accordingly come to the conclusion that in the adoption of such an agreement system as an alternative, a solution—or at least an avenue to a solution—of this vexed question of deferred rebates may be found. The deferred rebate system is plainly open to certain objections, and although the agreement system is equally open to objections, *we recommend that it should be given to shippers as a running option.* Individual shippers should have the choice (a) of binding themselves by means of an agreement over a certain period or by a running agreement subject to a certain period of determination or (b) of remaining under the deferred rebate system. Both systems could therefore be in operation simultaneously, but all shippers would be held by one or other method.

50. It must be understood that, in arriving at this conclusion, we do so without in any way committing ourselves to the suggestions as to details which are contained in the shipowners' reply. It is clear, however, that certain safeguards would be necessary. If a real choice

of systems is to be left to the shipper, particular care must be taken that as far as possible the net financial results, *i.e.*, the net freights and the net liability for breach of the conditions of either system, should be the same in both cases.

51. In the case of the South African agreement, no penalties are provided for any infraction of its terms by either party to it, though if anything occurs to disturb the stability and equality of rates and effective measures to protect the signatory shippers cannot be agreed upon, the shipper or the shipowner may withdraw from the agreement at short notice. Though this absence of penalties may correspond with the special circumstances of that trade, we consider that it would generally be necessary in other trades that the agreement should define penalties, whether by way of liquidated damages or other method, which would attach to breaches of the agreement by either party to it.

52. As regards the machinery whereby this option could be effectively given to the shippers, we have already stated that in our view the agreement must be with the individual shipper, but at the same time it is clear that the terms of the agreement must be settled between representative bodies of shipowners and shippers for each trade. The actual contract would be made in each case between an individual shipper and an individual line belonging to the Conference.

TRADERS' ASSOCIATIONS.

53. In this connection it is necessary to revert to the recommendations of the Royal Commission for dealing with any disadvantages or possibly abuses of power which might arise from the deferred rebate system. The conclusions common to the Majority and Minority Reports were, in brief, to the effect that shipping conferences and the deferred rebate system give the shipping companies powers which on occasion may exceed those necessary to enable them to maintain an organised service, and that the measures desirable to secure that those powers are not abused would be the formation of representative shippers' associations, the provision of facilities for enquiry, conciliation and arbitration, and a greater degree of publicity. The central feature of their recommendations was undoubtedly the formation of associations representative of merchants and shippers. They said "that most, if not all, of the serious abuses to which the [Conference] system is liable can be remedied by such counter-combinations on the part of merchants and shippers and that it is generally undesirable that the State should interfere to remedy or prevent grievances which by a reasonable effort can be prevented or remedied by the persons concerned." The experience we have had as a Committee during the past two years in dealing with questions arising between shippers and shipowners amply confirms this statement, which we therefore strongly endorse.

54. Nevertheless, we find that this salutary recommendation has been adopted only to a very limited extent, and consequently it has been impossible to put into practice the ancillary recommendations in favour of conciliation and arbitration. The existence of the Australasian Traders' Association and the South African Merchant Committee, now

the South African Traders' Association, which were set up before the Royal Commission met, in 1902 and 1892 respectively, show that it is possible to form such representative bodies of shippers. We understand that these two bodies work in close connection with their respective Shipping Conferences and that this co-operation has achieved good results.

55. The only bodies of importance formed on the lines recommended by the Commission and since its appointment which came to our notice are (1) the Manchester Association of Importers and Exporters, which was established in 1908, while the Commission was still sitting; (2) quite recently, and, at any rate in part, as a result of a recommendation from our Chairman, the East African Section of the London Chamber of Commerce has set up a Shipping Committee which has entered into discussion with the East African Conference as to freight rates and allied questions, and arrived, we understand, at certain satisfactory arrangements which, as already stated [cf. § 12 (v)], include a shortening of the period of deferment. Further, it has now been decided by the parties concerned to form in this trade, a thoroughly representative association on the lines of those already existing in the South African and Australian and New Zealand trades.

56. Shipowners have told us that they welcome the formation of these shippers' associations with whom they can fully discuss conditions in the trade, because by this means they can become more fully aware of what their customers want and meet their wishes accordingly. On the other hand, it appears that these shippers' associations have been difficult to form on a comprehensive basis because of the jealousies and divergent interests of the shippers and the natural fear that they may have to divulge their business to their competitors. The above examples show that the task of bringing the shippers in a trade together is by no means impossible. Further we consider that if through the instrumentality of such associations the shippers were put in a position to exercise an option as to the system under which their freight business should be conducted and to settle the terms of any agreement that might be concluded as well as other questions of importance there would be stronger inducements to the shippers to see to it that efficient and thoroughly representative associations or committees were created for these practical purposes.

57. In conclusion then, our second recommendation is that *for every trade route the shippers should take steps to form representative Associations* whose function should be to meet the Conferences, their already constituted counterparts among the shipowners, with a view (a) generally to the discussion and amicable settlement of any outstanding differences and of questions of mutual concern as they may arise and (b) in particular to the exercise of the option, if desired by any appreciable proportion of the trade, between the rebate and agreement systems and the negotiation of the specific terms of such systems.

58. We consider it very important that the Associations mentioned above should be formed, not only in the Mother Country, but also in the Dominions, India and the Colonies. We think that shipowners should have direct relations with such Overseas Associations so as to facilitate mutual understanding and the discussion and settlement of differences.

Associations in Great Britain and in the Dominions would naturally be in close touch with one another and arrange for a frequent and regular interchange of views on matters affecting their trade. This would not fail to enhance the value of the work of each Association.

THE MINOR COMPLAINTS AGAINST THE DEFERRED REBATE SYSTEM AS AT PRESENT IN OPERATION.

59. So far we have been dealing with the general principles which underlie the deferred rebate system. We have, however, received certain minor complaints against the system as actually working, most of which had previously been brought before the Royal Commission. Several witnesses, for instance, complained of the additional labour which the system throws upon the shipper who may have to deal with it in several trades in which the periods of deferment and amounts of the rebate are different, while he has to keep his books open for a considerable time; and it is left to him to make his claim on the shipowner and also under the conditions laid down he is liable to forfeit his rebates if such claim is not made within a limited period. It is contended or implied, therefore, that if the system is retained it should be made simpler and more uniform, the period of deferment being reduced as much as possible, interest being paid on the rebates while held by the shipowner, and that these should be repaid by the shipowner promptly as they became due without the shipper having to claim them. Full details of these and other complaints and of the shipowners' replies thereto will be found in the summary of evidence (Appendix II, pp. 39 and 49).

60. We do not propose to make any specific recommendations regarding these minor complaints, as we think that they are of such a nature as can best be remedied by the methods we outline above, namely, by negotiations between associations of shippers and the Conferences. In the circumstances it need hardly be pointed out that complaints as to individual freights would also lend themselves to settlement through discussion. We consider, however, that a greater degree of uniformity in the details of operation of the deferred rebate system should be achieved and that the terms of the agreements to be negotiated should be settled on as simple and uniform a basis as possible. In this connection and for its own sake we would support the recommendation of the Royal Commission in favour of greater publicity in respect of the documents concerned.

THE AUSTRALIAN GOVERNMENT LINE.

61. With regard to the more specific complaint of the Australian Government, it is evident to us that the existence of the deferred rebate system in the outward trade to Australia, coupled with the Australian prohibition of such system, operates to prevent the conduct and the development of the trade by the two groups on amicable lines. On the one hand, we understand the Conference to say that, whilst they are perfectly ready to acquiesce in the claim of the Commonwealth Government Line to participate in the trade, such participation should be governed by the same conditions as apply to the Conference Lines. On the other hand, we understand, it is impossible for the Government

Line to adopt these conditions, having regard to Australian legislation and opinion on the subject of rebates. If, however, the rebate and agreement systems were instituted side by side in the trade as optional alternatives, it should be possible for the Commonwealth Government Line and the Conference to serve the trade in amicable concurrence on the understanding that deferred rebates allowed by the Shipping Companies would not be forfeited by reason of shipments with the Commonwealth Government Line, and that, on the other hand, shipments made by the Conference vessels would not constitute a breach of agreements made with the Commonwealth Government Line.

62. We regard it as very desirable that an effort should be made to find a solution on the lines indicated, and we would therefore suggest that negotiations between all the parties concerned should be set on foot to this end. We think that the suggestions made above will afford a sufficient means whereby the legitimate interests of the Commonwealth Government Line and the Conference Lines can be satisfactorily harmonised; but, should our anticipation prove unfounded, the question could without difficulty be referred back to this Committee by either party for further consideration and report.

CONCILIATION AND ARBITRATION.

63. We do not recommend legislation to enforce the option between the two systems. As already indicated, it is our view that conferences between the respective Associations of traders and shipowners will in general achieve the necessary measure of understanding and agreement in regard to any questions arising out of the deferred rebate system, the agreement system or the option to be given between them. To meet the exceptional cases of disagreement it will, we think, suffice, as recommended by both the Majority and Minority Reports of the Royal Commission, to provide for an appeal to an independent body whose powers would extend to conciliation on the application of one of the parties and to arbitration on the application of both parties.

64. Those Reports recommended that such powers of conciliation and arbitration should reside in the Board of Trade. We venture to suggest, however, that in view of the Imperial scope of the problem, it will be more appropriate if these powers were vested in the Imperial Shipping Board which this Committee has already recommended should be set up.* Among the contemplated purposes of such a Board were enquiries into complaints regarding Inter-Imperial ocean freights and conditions and, specifically, the exercise of conciliation between the interests concerned. Such a body in permanent session and with increasing experience of shipping conditions throughout the Empire would be well fitted to investigate disputes and, in the course of a continuous and careful survey to determine whether any further measures than those indicated in this Report may become necessary.

65. Until such a permanent Board has been appointed it might be convenient for the present Imperial Shipping Committee to exercise these functions of conciliation and arbitration in so far as they would

* Cf. Cmd. 1483. Report of the Imperial Shipping Committee on the Functions and Constitution of a Permanent Imperial Body for Shipping Questions.

fall within our existing terms of reference or any extension of them that might be deemed desirable.

66. It is with great regret that we have to record the loss of our distinguished colleague, Sir William S. Meyer, G.C.I.E., K.C.S.I., High Commissioner for India, who died very suddenly on October 18, 1922. Sir William Meyer assisted in the deliberations of the Committee upon this Report until it was in an advanced stage and we think that there is no doubt that he would have been in complete agreement with the Report as finally settled.

67. We desire to place on record our indebtedness to our Secretary and Assistant Secretary, Mr. E. J. Elliot and Mr. R. D. Fennelly, whose services in connection with the preparation of this Report have been very valuable.

H. J. MACKINDER (*Chairman*).

G. GRINDLE.

H. LLEWELLYN SMITH.

PETER C. LARKIN.

H. LARKIN.

J. ALLEN.

GEO. BOWDEN.

KENNETH S. ANDERSON.

W. L. HICHENS.

T. HARRISON HUGHES.

KENNETH LEE.

JAMES W. MURRAY.

E. J. ELLIOT (*Secretary*).

R. D. FENNELLY (*Assistant Secretary*).

9 December, 1922.

NOTE.—Owing to his absence from this country, Sir Edgar Bowring has been unable to sign the Report.

APPENDIX I.

COPY OF CORRESPONDENCE with the Government of the Commonwealth of Australia regarding the Operation of the Deferred Rebate System in the Australian Outward Trade.

COMMONWEALTH OF AUSTRALIA.

Commonwealth Offices,
Australia House,
Strand,
London, W. C. 2.

15th November, 1920.

SIR,

Adverting to my letter of even date, I am directed by the High Commissioner to state that he has been requested by the Commonwealth Government to bring under the notice of your Committee a cablegram which was addressed to the Imperial Authorities by His Excellency the Governor-General on 9th July, 1919 (copy attached), regarding the Rebate System applied by Shipowners to the Australian trade.

I am to point out, further, that in many cases Merchants to-day fear to utilise the steamers belonging to this Government owing to alleged threats of victimisation by the Conference Lines if they do so, and that the Commonwealth Government is now taking the necessary action to prepare evidence and arrange for witnesses to bring the whole facts under the notice of your Committee.

I am to request you to be good enough to state the approximate date at which your Committee will be prepared to deal with this question as early as possible, as it is desired to make forward arrangements of such a nature as to enable the evidence to be presented in the most concise and up-to-date form possible.

I have the honour to be,

Sir,

Your obedient Servant,

(Signed) GEO. J. HOGGESS,

Acting Official Secretary.

The Secretary,

Imperial Shipping Committee,
Board of Trade Offices,
Great George Street,
S. W. 1.

(Enclosure.)

TELEGRAM from the Governor-General of the Commonwealth of Australia to the Secretary of State for the Colonies.

(Received, Colonial Office, 9th July, 1919)

Following from Acting Prime Minister :—*Begins* : With reference to shipments by vessels of Government of Commonwealth of Australia line desire invite attention to deferred rebate system of shipping conference which provides for full freight to be paid in first instance and at end of 12 months provided shipper declares he has not departed from conference lines, he obtains rebate equal to 10 per cent. on freights paid during first 6 months of the 12. Shipowner thus retains right cause shipper forfeit 12 months' rebate if he wishes and shipowner further has always in hand 6 months' rebate. In case of "Bulla" Government of Victoria booked

consignment of explosives but in March withdrew booking which it was stated would involve forfeiture of £700 in accrued rebates from shipping conference on previous shipments this notwithstanding Government of Victoria had been unable during previous 7 months obtain space owing unsuitability of cargo for passenger ships or transports. Law authorities suggest for consideration of Imperial authorities that with a view to protecting Commonwealth funds legislation be introduced by Imperial Governments similar to Australian Industries Preservation Act 1906/10 which provides inter alia that any person who in relation to trade or commerce with other countries or among States either as principal or agent in respect of dealings any goods or services gives offers or promises to any other person any rebate refund etc. for reason or upon condition that latter person deals exclusively with any person shall be guilty of an offence (penalty £500) and every contract entered into of kind referred to shall be illegal and void. If such legislation impracticable suggest advantage might be taken include in functions proposed Imperial Investigation Board duty of enquiring into complaints from persons or bodies interested with regard to ocean freights facilities and conditions of inter-imperial trade or into any question similar nature referred to them by any of the nominating authorities.—
Ends.

MUNRO FERGUSON.

(Extract.)

COMMONWEALTH OF AUSTRALIA.

Commonwealth Offices,
Australia House,
Strand,
London, W. C. 2.

31st December, 1920.

SIR,

Adverting to your communication I.S.C. 52 of the 14th idem, I am directed by the High Commissioner to forward herewith copy of a communication received from the Prime Minister's Department in Australia under date 12th October, together with copy of the statement referred to therein.

I have the honour to be,

Sir,

Your obedient Servant,

(Signed) J. R. COLLINS,

Acting Official Secretary.

E. J. Elliot, Esq.,
Secretary,
Imperial Shipping Committee,
Board of Trade Offices,
Great George Street, S. W. 1.

COMMONWEALTH OF AUSTRALIA.

Prime Minister's Department,
Melbourne,

12th October, 1920.

MEMORANDUM FOR
The Acting Official Secretary
in Great Britain.

With reference to your memorandum of 5th August, No. 426-4-48, on the subject of the Imperial Shipping Committee, I forward herewith for transmission to the Secretary of the Committee, a statement prepared on information supplied by the

authorities of the Commonwealth Government Line of Steamers, drawing attention to certain adverse discriminatory methods practised by the Conference Lines of Steamers, against shippers to Australia by the Commonwealth boats, with a view to the matter forming the subject of enquiry by the Committee.

(Signed) M. L. SHEPHERD,
Secretary.

(Enclosure.)

**STATEMENT REGARDING NON-GRANTING OF DEFERRED REBATES
BY CONFERENCE LINES TO SHIPPERS BY COMMONWEALTH
BOATS.**

In July, 1919, the attention of the Secretary of State for the Colonies was drawn to the fact that owing to the Shipping Conference Lines' system of Deferred Rebates the Commonwealth Government Line of Steamers had lost cargo withdrawn by the Victorian Government because that Government feared loss of their rebates.

Attention was further drawn to the Australian Law upon this subject, and a suggestion was made that advantage might be taken of the Imperial Investigation Board—now the Imperial Shipping Committee—to enquire into complaints on the matter.

Official advice has been received by the Manager of the Commonwealth Government Line of Steamers in Melbourne that the Conference Lines still continue their system of rebates, and in order to protect shippers who might lose accrued amounts through shipping by the Commonwealth Government Line, the latter has been compelled to announce, that in the event of such rebates being confiscated, they will be made good from the funds of the Line. Already one instance at least has occurred where such a payment has had to be made.

It is suggested that this question of the rebate system should be enquired into by the Imperial Shipping Committee, and evidence called respecting it.

It is further suggested the investigations of the Committee should be directed towards the fact that some Australian firms have intimated they have been informed by their London representatives of threats having been made to the effect that if their shipments go forward by Commonwealth Government Line vessels, the Conference Lines will find no space for them in their vessels. These firms have declined on this account to give any definite instructions that the vessels of the Commonwealth Government Line are to be used for their goods. In addition to cases where definite statements are made, there has been brought under notice by at least eight firms the fact that they fear the Conference Lines will take reprisals against them and on this account are unable to direct shipments by the Commonwealth Government Line.

Opportunity might be taken of emphasising the fact that the Commonwealth Government Line has prevented increases in freights both to and from Australia, and has been instrumental in securing more reasonable terms on Bills of Lading for shippers than would otherwise have been the case, and that in view of the facts set out above, a full investigation should be made by the Imperial Shipping Committee with a view to ascertaining whether some recommendation should not be made to the British Government which will protect alike the interests of the Commonwealth Government Line and also the interests of importers and shippers against the attitude of the Conference Lines.

APPENDIX II.

SUMMARY OF EVIDENCE GIVEN BEFORE THE IMPERIAL SHIPPING COMMITTEE ON THE SUBJECT OF DEFERRED REBATES.

The following is a summary of the evidence given before the Imperial Shipping Committee by the witnesses on behalf of shippers and shipowners in the matter of the deferred rebate system.

The evidence of the shippers is given first. It has been summarised under the following four heads:—

- (A) Evidence as to matters of fact which shippers adduced regarding freights and profits to show that shipowners, by means of powers obtained through the conference and rebate systems, were enabled to press them unduly.
- (B) Evidence as to the general principles underlying the deferred rebate system.
- (C) Evidence as to certain minor complaints arising out of the actual operation of the system.
- (D) Evidence as to suggested remedies.

The evidence of the shipowner is summarised on similar lines, and the paragraphs bearing on a particular point are numbered identically in both sets of evidence.

EVIDENCE GIVEN ON BEHALF OF THE SHIPPERS.

A.—DEFINITE COMPLAINTS AS TO FREIGHTS AND PROFITS.

(1) Comparison of freight rates under the rebate system, with rates for Continental shipments.

(a) Examples were given of competitive rates from the Continent to Australia operating in January 1921, of which the following may serve as types:—

From Antwerp: Glass at 78*s.* per ton, as compared with 100*s.* from the United Kingdom.

From Antwerp: Coffee and chocolate, 94*s.* 6*d.*, as compared with 125*s.* from the United Kingdom.

From Gothenburg: Paper, 41*s.* per ton measurement, as compared with 80*s.* from the United Kingdom.

These, it was stated, were properly equivalent rates, and the difference in favour of the Continent was ascribed to the existence of the rebate system here in Great Britain and to its non-existence in respect of the trade from the foreign ports in question.

(b) It was pointed out that the rate to Hamburg from Calcutta had been from 25*s.* (December 1920) to 15*s.* (March, 1921) lower than that to London, which was attributed to the fact that there was no Conference in the Hamburg trade, and not to any cheaper facilities at the German port. Prior to the war the German rate had been the higher by 2*s.* 6*d.* when the general level was about 20*s.*

(c) Very low quotations had been obtained by one witness in December, 1921, for shipments from Antwerp for Pernambuco, viz., 40 francs, as compared with 90*s.* plus 10 per cent. from United Kingdom; the high level of the British rate in face of this competition was attributed in great measure to the deferred rebate system.

(2) Comparison with rates charged in competitive foreign trades.

It was further claimed, in one or two cases, that the high freights charged by Conference Lines led to diversion of trade; in particular, that shippers of Indian linseed had been handicapped by the high freights from Calcutta in their competition with the Argentine trade, where there were no rebates. Figures were given to show

that if the Calcutta freight rates had been on the same basis as the Bombay rates [as to which *see* sub-paragraph 3, *b*) below] the difference in the London price, though still slightly in favour of Argentina, would not have stopped business from Calcutta.

(3) Comparison with rates charged by Conference Lines in other trades where the Deferred Rebate System does not obtain.

The main comparisons made were in respect of :—

(a) Australian Coastal Trade.

The following figures were given to show the relation of the rise in the general level of freights in the Australian trade to that in the Australian coastal trade :—

Homeward Wheat Freights.

Pre-war	25s. (presumably by liner)
September, 1920	£9
October, 1920	£7
February, 1921	£5

Coastal.

1900	5s.
1913-4	11s. 3d. to 15s.
1921	20s.

[It was not stated to what commodity these coastal freights applied nor between what ports, but the distance was referred to as 500 miles.]

(b) Calcutta-United Kingdom trade as compared with Bombay-United Kingdom trade.

Rough Cargo.—The following figures were furnished by Sir Stephen Demetriadi comparing the rates from Bombay where no rebate system existed and from Calcutta where it had been introduced in May, 1919 :—

	Bombay.	Calcutta.
1st December, 1920	56s. 3d.*	115s.
15th December, 1920	43s. 9d.*	115s.
3rd January, 1921	31s. 3d.*	85s.
15th January, 1921	31s. 3d.	70s.
1st February, 1921	31s. 3d.	70s.
15th February, 1921	31s. 3d.	65s.
1st March, 1921	31s. 3d.	55s.

The voyage from Bombay took four weeks as against five weeks from Calcutta, and therefore it was urged that the Calcutta rate should only exceed the Bombay rate which was regarded as being governed by the world freight market by a quarter, quite apart from terminals. In November, 1921, the rate from Calcutta was 50s. as compared with 31s. 3d. from Bombay. Pre-war the rates were 20s. and 15s. respectively.

Tea.—The same witness explained that at the time he was giving evidence the shipment of tea from Calcutta was governed by an agreement in accordance with which the freight rate was based upon the rough cargo rates, and he contended that the rebate system introduced soon after negotiations for the agreement had been concluded had been used to keep the rough cargo rates unduly high with the consequence that the tea rate was also kept at an unduly high level.

He admitted that during the months from February, 1921, onwards, the ship-owners made five reductions in the contract rate though only after pressure by the Association and *ex gratia*.

* The actual quoted freights are 45s., 35s., 25s., but these relate to the ton of 16 cwts. or 40 c. ft. and they have therefore been increased by 25 per cent. to equate them with the Calcutta freights on the basis of 20 cwts. or 50 cubic feet to the ton.

(c) *Ceylon-United Kingdom trade as compared with Calcutta-United Kingdom trade.*

A table of the comparative freight rates on tea from Ceylon and Calcutta over a long series of years was put in by Sir Stanley Bois which showed that (a) prior to 1904 the Ceylon rate had been considerably below the Calcutta rate, (b) that the rebate system having been introduced into the trade in 1902 the Ceylon rate became equal to the Calcutta rate in 1904 and above it in 1905 until April (c) that from April, 1905, to 1915, with a slight exception, the Ceylon rate was again below the Calcutta rate, (d) that during the war the Ceylon rate went up more rapidly than the Calcutta rate, and (e) that since the war the Ceylon rate has been generally above the Calcutta rate and only in November 1921 did it go below it (Ceylon 60s., Calcutta 61s. 3d.). In this connection it had to be remembered that Calcutta shippers had a contract which fixed their rates on the basis of the rates on rough cargo and which prevented the shipowner from making any increase in the Calcutta rate, whereas Colombo had no contract at all, but the position of the witness was that, in view of the fact that Ceylon was nearer to the home market, they ought to have an advantage, say 2s. 6d., over Calcutta, or at any rate that they should not be placed at a disadvantage.

The witness was asked if he could offer any explanation as to why the Colombo rate was now below the Calcutta rate. He said that the Conference "fix the rates practically arbitrarily"; he could offer no explanation beyond the fact that his Association had continually been in communication with the Colombo Conference and had been met by reductions in freights.

(4) **Comparison of estimates of the cost of working vessels on the Australian run and of the profits that should thereby be earned.**

Estimates of the working costs and the profits of steamers in the Australian trade were furnished by Mr. R. J. Turner based on voyages of a 10,000 ton dead weight vessel in January 1921. He estimated that the expenses of a 10-knot tramp of that capacity on an outward voyage in ballast would be £12,600 and for a 13-knot cargo liner £14,000. The expenses for the homeward trip with full cargoes made up of meat, concentrates and wool, would be £36,000 and £38,000 respectively. The net profits on the round voyages would be £19,500 and £16,500 respectively. Similarly assuming an outward voyage with a full cargo in the case of the cargo liner, the expenses would be £30,450 and the outward freight £46,250, leaving a profit of £15,800. From these and similar calculations the witness deduced that whereas for a cargo liner 61s. per ton as an average outward freight would fairly cover the cost, the freight actually charged was an average of 92s. 6d. per ton (the actual freight charges varying from 60s. to 125s.), and that the estimated percentage per annum of profit on outward cargo only, based on a pre-war value of £170,000 for the vessel would be 42 per cent., or based on a war value of three times as much, 8 per cent. The corresponding percentages for voyages outward and homeward with cargo both ways and out in ballast and with Cargo homewards were also given. These estimates were arrived at on the assumption that full cargoes are obtained except, of course, for ballast voyages, and it was not thought necessary in them to make any allowance for possible laying up.

(5) **The actual profits and financial position of the shipping companies concerned in the Australasian trade.**

Mr. R. J. Turner also supplied statements in regard to the financial position of the Peninsular and Oriental Steam Navigation Company and certain of their subsidiary companies and certain other companies in the Australasian trade with a view to showing that the Peninsular and Oriental Company specially have been able to increase their reserves and fleets inordinately at the expense of the shippers. The information he

put forward in regard to the Peninsular and Oriental Company and its fleet may be summarised shortly as follows:—

Year.	Paid up Capital.	Debentures.	Estimated value of the fleet.
	£	£	£
1900	2,320,000	800,000	6,823,750
1907	2,320,000	1,800,000	10,422,275
1920	6,431,120	1,495,880	23,243,170

The last figure for the value of the fleet refers only to the vessels owned directly by the Peninsular and Oriental Company, although it appears that the figure for capital includes many large issues of stock which were made on the acquisition of the British India Company's fleet and other important mercantile fleets. The value taken is the estimated cost at the round figures of £25 per ton for pre-war buildings, £40 per ton for buildings in 1914-15, and £75 per ton for subsequent buildings. The witness also gave the dividends paid by the Company; he did not appear to contend that these had been in themselves excessive or that the policy of writing down tonnage and putting profits to reserve was a bad one, but he maintained that this policy had been overdone.

It was admitted that the business of the Peninsular and Oriental Company was very largely with Asiatic countries and that their participation in the Australian trade could not be responsible for any considerable portion of their profits, but the witness contended that the rebate system was applied by them equally in their Indian and other trades, and his general conclusion was that the profits of the Company had been very considerably swollen by means of the rebate system, or in other words by the monopoly they enjoyed. Similar information was put in as to the financial position of shipping companies engaged exclusively in the Australian and New Zealand trades, and reference may be made to that in respect of two of them, one owned largely by the Peninsular and Oriental Company and one independent of them, except as being a member of the same Conference.

The comparative figures for the first Company, the Oriental Steam Navigation Company, were stated to be as follows:—

	£
1917. Capital	319,340
Bonus Issues	99,770
Debentures	507,900
Value of Fleet and Investments	2,210,837
1920. Capital (issued for cash)	636,050
Bonus Issues	620,210*
Debentures	382,250
Value of Fleet and Compensation for Lost Steamers and Investments at Cost	3,432,464

The General Reserve was £1,000,000 and Repair and Renewal Fund £300,000.

The Dividends paid are stated to have been from 1911 to 1915 60 per cent. bonus, 1915-16 20 per cent. bonus, and from 1916 to 1919 15 per cent. free of tax. The later dividends have been 15 per cent. free of tax for 1920 and 12½ per cent. free of tax for 1921, i.e., for the year ended 30th June in each case.

* It is understood that this figure should be £520,210.

The second company, the Commonwealth and Dominion Line, is stated to have been incorporated in 1914 with a capital of £1,991,544, all issued for consideration other than cash, and its fleet at the outset to have consisted of 25 steamers of 108,329 tons gross valued by the witness at £11 15s. per ton dwt. or nearly £2,400,000. In 1920 though the capital had been increased by £6,003 only the fleet had grown to one of 29 steamers of 224,066 tons gross valued at £1,730,220, the post-war tonnage being put at £30 per ton gross, but this figure was only reached by including about 50,000 tons *building*, exclusive of which the value would be about £3,200,000.

The witness was only examined on the details of the information supplied in respect of the P. and O. Company.

On the other hand Mr. E. B. Tredwen was not of opinion that the average level of freights was too high. He thought that if they were, it would be reflected in the companies' earnings. While admitting that he knew nothing of the Calcutta trade he thought that the complaint of some merchants regarding high freights in that trade might be well founded because it suited them to obtain the lowest rates, and they were not affected by fluctuations; there were other merchants, however, including himself, who were seriously affected by fluctuations and preferred a stable level.

B. EVIDENCE AS TO THE GENERAL PRINCIPLES UNDERLYING THE REBATE SYSTEM.

(1) The General Question.

As regards the general question, shippers object to the limitations to their freedom of action which the system imposes. The Crown Agents were anxious to be able to secure the most favourable rates of freight for full cargoes, especially of railway materials; in general their main objection was that the rebate system hampered them in bargaining with the shipowners for the lowest rates of freight. Similarly the West India Committee state that their objection to the system is "that it is designed to prevent shippers, by the threat of forfeiture of accumulated unpaid rebates, from availing themselves of opportunities of shipping at low rates of freight by steamers which may be loaded in competition with the established lines," and a Special Committee of the East African Section of the London Chamber of Commerce, who regarded the rebate system as advantageous on the whole, postulated certain conditions of which the first was that shippers should be permitted to take advantage of outside tonnage if offered at a time when no Conference steamship is likely to be available.

Mr. Tredwen thought that the amount of the rebate was the measure of the extortion which the Conference would exercise and if the shipowner was oppressive, opposition would be started, as had been done before in the Australian and New Zealand trades. While up to the point where it would be worth while to sacrifice the rebate and organise or use outside services, there was a possibility that a Conference might tend to take what profit it could from the fact that it was a monopoly, the witness said the Australian Conference had not done so and he did not think they would do so. He agreed that refrigerated tonnage in, e.g., the Australian and New Zealand trades, did enjoy an effective monopoly because of the great expense in fitting such vessels.

(2) The advantages derived from the system.

With certain exceptions the shippers considered that the deferred rebate system enabled the shipowners to press unduly on them, but they admitted that under the system they obtained important advantages as follows:—

(a) *Stability of Freights.*

Mr. Tredwen was very emphatic on the advantages of having stable rates. He said that before the introduction of the rebate system, freights were subject to sudden fluctuations. Under the rebate system, however, rates were stable unless for progressive reductions or increases. The fluctuation of rates led to sudden changes in the value of imported stocks. He admitted that he was looking at the question from the merchants' and not the consumers' point of view.

Mr. Soper said that the majority of traders wanted stability of freights and regularity of service. Asked whether traders had actually asked for rates not to be reduced in order that the value of their stocks might not depreciate, he said that he would not go so far as to agree to that but some traders might say "we will not worry about this just at the moment."

Great importance was attached by Mr. Landale to stable freights in the Far East trade as shipments both ways by liners were in small parcels and a fluctuating rate would make business difficult.

As regards homeward trade, Sir Stanley Bois, referring to Colombo, said that stability of freights was very important, that it was not satisfactory to have to speculate in forward freights. Although prior to the introduction of the rebate system lower freights had ruled, and notwithstanding that if the rebate system were abolished, it would have in his opinion, the effect of bringing down the average rate of freight very considerably, he preferred the certainty that the rebate system introduced.

Steady rates of freight were stated not to be of importance to the Crown Agents for the Colonies.

(b) *Equal rates for all shippers.*

Mr. Tredwen said that before the rebate system came into the Australian trade there were specially favourable freights for big shippers but now the rates were the same to all.

As a specific example of the value attached by merchants to the deferred rebate system as a means of securing uniform rates of freight for all shippers, large and small, it was cited that recently the West African Conference had been asked on behalf of some 50 to 100 small traders to re-introduce the deferred rebate system. These traders were, it appears, experiencing the severe competition of a large group who were chartering full cargoes at 10s. to 12s. 6d. a ton cheaper than the liner rate, but also getting the ordinary liner rate when they wanted it. [It has since been announced that the deferred rebate system has been re-established in this trade (January, 1922.)]

Sir Stephen Demetriadi claimed that in the Indian trade before the system was introduced there were equal rates for all shippers, and although large shippers, by offering large quantities, could obtain a lower rate, this rate became an open rate to all, and the small shipper benefited as well. The witness admitted, however, that he could not say that there had not in the past been contracts made for big quantities at a lower rate than the open rate. The Associations de represented had not considered the question of differential rates, and he would not commit them to the view that they should be made illegal also, should the rebate system be prohibited by law.

(c) *Regularity of Service.*

It is generally admitted that the Conference Lines supply frequent, regular and efficient services; most witnesses were keenly alive to the necessity for such services, and admitted that something must be paid for them. The only complaint in this connection which has been received by the Committee is in the case of the East African trade, in regard to which Mr. Hooker represented that the vessels of the Conference Lines called at irregular and long intervals and were delayed long in loading. In the case of the Australian trade, the efficiency of the service was generally admitted and even emphasised, one witness stating that he would not as a regular shipper care to rely on time-chartered boats, and that even if the rebate system did not exist shippers would not as a general rule charter. Mr. Turner complained, however, regarding this trade that when the Conference put on a slower boat than usual they did not charge any less freight

(d) *No Carriage of Cargo on Ship's Account.*

The evidence of Mr. Tredwen on this point was to the effect that in the days before the introduction of the rebate system it was customary for shipowners on occasions to buy goods on their own account to fill up their ships, thus competing with the merchants, whereas under the rebate system it is tacitly understood that shipowners will not make any shipments on their own account. Mr. Tredwen

knew of no instance of any such shipment under the regime of the rebate system. Sir Stephen Demetriadi, questioned as to the possibility of a reversion to the practice of shipment on owner's account in the event of the abolition of the rebate system, suggested that the custom of abstaining from this practice would persist. He also stated that no attempt had been made to purchase cargo on ship's account in the Calcutta homeward trade before the rebate system existed in that trade.

(3) The necessity for a tie.

There was no agreement, however, on the question whether the deferred rebate system or some such tie was necessary to maintain the frequent, regular and efficient services necessary for modern commerce. In the case of the Australian trade it was held by Mr. Turner and others that the liners had fair cargoes all through, and that a regular service could be obtained without the rebate system; on the other hand, Mr. Tredwen stated that in this trade vessels were rarely full as regards outward cargo and attributed the maintenance of the service to the rebate system. It appeared further that some reliance was placed by the other witnesses in regard to the Australian trade on Government action to secure that if the rebate system did disappear the effect would not be the discontinuance of regular services.

Mr. Soper thought that it was necessary in the interests of the general run of traders for the shipowners to have some hold over their customers to secure a regular service. Personally, he did not fear an open freight market because there would still be opportunities to ship, and although some goods were wanted regularly, speedy despatch was not essential for the great bulk of goods.

Sir Stanley Bois, referring to the carriage of Ceylon tea, said that shippers preferred small quantities of freight space at frequent intervals and the regularity of liner services was most important. He also said that, as he understood it, the Conference felt a certain obligation to give them the space required for moving their cargo, and instanced that cargo had on occasion been shut out in Calcutta to leave room for Colombo produce. Prior, however, to the introduction of the rebate system services were quite regular, and though on balance he favoured the retention of the rebate system he thought there would still be regularity in the particular case of Colombo without the rebate system.

Sir Stephen Demetriadi held that the rebate system was not necessary in order to maintain a regular, frequent and efficient service. Such a service had in fact been supplied in the Calcutta homeward trade until 1919 and still obtained as regards Bombay, without any such system. He laid stress on the fact that a regular, frequent and efficient service was maintained by the Ellerman-Bucknall Line between India and America without any rebate system, which was illegal under American law. This service was regularly supported by the shippers who were satisfied with it and with the rates; and attempts made by shipping Board boats to enter the trade by cutting rates had not been successful.

Mr. Landale held that some tie was necessary in the Far East trade and could suggest no alternative to the rebate system though he preferred the prompt payment of rebates every six months without any deferment. He held that the system had not prevented competent steamship lines entering a trade if they wished to and the merchants did not object.

Mr. Baden said that in the East African trade he did not think that a regular service could be obtained without a rebate system as the cargo was meagre at times and irregular in amount. If tramps were allowed to come in and carry away the homeward cargo, the outward service would naturally suffer as the two halves of the round voyage hung together.

As regards the South African homeward trade, Sir Rhys Price stated that since the abolition of the rebate system, it had been run without any tie and though the outward agreement had had to a certain extent a steadying effect, the position was not altogether satisfactory. The witness favoured for the homeward trade an agreement system reinforced by a rebate system and administered by a Standing Joint Conference of shipowners and shippers, thus giving the shippers a voice in the fixing of rates and other terms and conditions. He preferred this to the agreement system

which would be ineffective unless all and especially the largest shippers adopted it. In the past, he said that the rebate system had not kept out new and efficient outside competition though it kept away spasmodic competition.

The West India Committee state their belief that regular services could be maintained "without any system of preference for regular customers such as is associated with the idea of deferred rebates," and in support add that "the legal prohibition of the deferred rebate system as applied to steamers trading to the ports of the United States of America, Commonwealth of Australia and Union of South Africa has not had the effect of depriving those ports of adequate steamship services." Mr. Wilson expressed the opinion that without the rebate system there would be more frequent services of regular liners, because the abolition of the system would lead to an increase in trade.

(4) Alternative Ties to the Rebate System.

The following alternative methods of securing that shippers should give their custom regularly to the Conference Lines were brought to our notice :—

(i) *The Agreement System.*

Mr. Soper explained at some length the agreement which had been signed by the South African Conference Lines and shippers in that trade. This agreement (a copy of which is printed as Appendix IV) has taken the place of the deferred rebate system, which was dropped on account of South African legislation, although the rebate system still applies to shipments by the same vessel to Mozambique ports. He said that the South African Trade Association were very well satisfied with its working, and, in his opinion, would welcome its extension to Mozambique ports. The witness interpreted the main clauses of the agreement as follows :—

- (a) It gives equality of rates and stability of freights to large and small shippers alike, except that it does not apply to large parcels of cargo, not being merchants' berth cargo, and special rates for large parcels are quoted to mining companies, associations, municipalities, etc., without reference to the Trade Association.
- (b) The Association regarded their support as contingent on the Lines carrying the goods at "reasonable rates." If they did not regard the rates as reasonable, either there was to be arbitration or the signatory shipper can give six months' notice to terminate the agreement. The Lines were bound to consult the Association before making any general alteration in rates, but could raise rates on particular commodities without notice.
- (c) In the event of competition offering lower rates, the Lines are bound to protect the signatories, who may withdraw after 30 days' notice if they consider the protection inadequate. Recently foreign Lines had started loading to South Africa, and had quoted low rates. The Conference had met their shippers by reductions in their tariff rates on various classes of goods in order to meet foreign competition, and in addition allowed a temporary reduction in freights on other similar goods sent by boats loading, first of all within a week each way and now within a fortnight each way, of a boat sailing from the Continent.

The witness added that there was nothing to prevent a shipper outside the Association concluding a similar agreement with the Lines.

Mr. Baeden favoured the agreement system for the East African trade, provided that the Conference did not still charge the primage,* which at present constituted the deferred rebate, and retain it themselves. He thought, however, it would be difficult to secure the express adhesion of every shipper in the trade.

Mr. Tredwen preferred the "freedom" of the rebate system to the agreement, which he considered was not so effective in preventing competition.

*This 10 per cent. primage has recently (August, 1922) been embodied in the freight, but the deferred rebate of 10 per cent. still remains, and the net freight remains practically unaltered.

Mr. Wilson said that he thought the members of his Chamber of Commerce (Dundee) would be prepared to enter into an agreement like the South African, and would favour making the principle a general one.

Mr. Hooker had no knowledge of the South African agreement, but he favoured agreements in general.

Sir Rhys Price, although he favoured an agreement system reinforced by a rebate system for the homeward trade from South Africa, agreed that if an agreement embracing *all* the shippers were arrived at the rebate system would hardly be necessary.

(ii) *Contracts over a period.*

The only case of a general freight contract brought to our notice is in the Calcutta tea trade where, as already mentioned, the freight, at the time when evidence was given, was fixed at the average rate ruling on rough cargo plus a certain flat addition. Sir Stanley Bois said that he would not favour a contract on similar lines for Colombo but preferred to make arrangements according to circumstances from time to time.

C. OBJECTIONS TO THE DEFERRED REBATE SYSTEM AS AT PRESENT IN OPERATION.

(1) **The length of period of deferment and delay.**

The longer the periods adopted in connection with the deferred rebate system the greater the tie. The East African Committee referred to above stipulated as one of the conditions of acceptability of the system the payment of the rebates at shorter intervals. Other shippers said they would be content to ship under a system wherein the rebate would not be "deferred," *i.e.*, for a further period, but paid promptly at the end of each period (of three or six months) in respect of the shipments made during that period. In the case of regular shippers sufficient rebates would quickly accrue to maintain loyalty to the Conference.

Complaint was also made by Mr. Landale that even when the deferred rebate was due, a delay of months might occur in checking and adjusting the claim. It was maintained by Mr. Wilson that the shipowner ought to make out the statements promptly at the end of each period and pay the accounts to the parties who had paid the freights without the latter being under an obligation to claim the rebates. He also pointed out that under the conditions laid down, the shipper is liable to forfeit his rebates unless his claim is made within a limited period. Shipping companies ought to be obliged to make an annual return of unclaimed rebates.

(2) **The question of payment of interest on the deferred rebate.**

Several witnesses referred to the effect of the rebate system in keeping large amounts of the shipper's capital locked up. Mr. Tredwen thought this could be met if the shipowners paid interest on the deferred rebate, and said this was done in the Australian trade at the rate of 5 per cent. and would probably be agreed to in other trades if pressed for; other witnesses also urged that interest should be paid.

(3) **Complexity.**

Evidence was given as to the trouble and clerical labour that devolved upon the shipper, partly because of the inherent deferred nature of the system, and partly because of the variety of the several systems under which the shipper had to work and claim his rebates.

With reference to the East African trade Mr. Hooker complained of the amount of unremunerative labour which the system entailed upon the shipper or merchant, and the tendency towards not quite honest practices, such as the retention of the rebate by the agent where the consignee, to whom the freight plus rebate had been charged, was not careful to insist upon its return to him. In the Far Eastern trade, however, the evidence of Mr. Landale was to the effect that such practices did not occur.

(4) Alteration of Rebate Form without notice.

A case was brought to the notice of the Committee by Mr. Wilson in which the rebate claim form for the Brazilian trade had been altered by the *ex post facto* introduction of two additional ports to the list to which rebates applied without apparently any notice of this extension having been given to the shippers concerned.

(5) Enforcement of Rebate Conditions in respect of Shipments from Ports not served by a Conference.

The Manchester Association of Importers and Exporters communicated in writing their opinion that shipments from a port not served by Conference Lines should not be the occasion for the forfeiture of rebates since the Conference Lines did not offer any direct facilities. From correspondence which ensued, it appeared, however, that the Association had not of late approached the lines with any request for additional facilities. A similar point had been raised in connection with Dundee before the Royal Commission, but Mr. Wilson said that no difficulties arising from any prohibition upon the direct shipments from Dundee had been met with, though this port is not served by the Conference Lines.

(6) Comparison of Rebates in New Zealand and Australian Trades.

Mr. Laing complained that although the freights to Australia and New Zealand were the same and the same primage (10 per cent.) was added, the rebate in the Australian trade was 10 per cent., *i.e.*, the whole of the primage, while in the New Zealand trade it was only 2s. 6d. per ton, representing at present rates a difference of several shillings in the net freights. He agreed that to him as a merchant there was no essential need for similarity or dissimilarity between the two freights, but he was strongly of opinion that if any differentiation were necessary it should be in the freights and not in the rebates.

(7) Outside Shipments.

Mr. Basden desired standing permission in the East African trade to ship by outside vessels when a Conference boat was not available or likely to be within reasonable time. Witnesses in certain other trades said that permission was readily given when asked for. As regards the Far Eastern trade Mr. Landale stated that when shippers have enough cargo to fill a steamer and the Conference have not sufficient tonnage to carry it available, they do not raise objections to shippers chartering.

D. SUGGESTED REMEDIES.

Sir Stephen Demetriadi and certain other witnesses, mainly those concerned with the Australian trade, were definitely in favour of legislation to render deferred rebates illegal. Sir Stephen Demetriadi and Mr. Wilson, while desiring the abolition of rebates, were not prepared to commit their Associations to the view that preferential freight rates should also be made illegal.

Mr. Turner, giving evidence on behalf of the Australian Government, expressed the opinion that the recommendation in the Majority Report of the Royal Commission on Shipping Rings in favour of measures of discussion, conciliation and arbitration would not be sufficient to effect the improvement desired by the trader because at present the power is all on the side of the Conference. Even though the merchants' associations might become much more powerful than they are, he did not think that they could be effective to secure the desired remedies. The witness was in agreement with Sir David Barbour's reservation to the Royal Commission's Report which was in the direction of establishing an effective check on shipping conferences in the matter of rates.

On the other hand, the Executive Committee of the Australian and New Zealand section of the Manchester Association of Importers and Exporters communicated their opinion that they were entirely in agreement with the finding in the Majority

Report "that most, if not all, the serious abuses to which the system is liable can be remedied by such counter-combinations on the part of merchants and shippers, and that it is generally undesirable that the State should interfere to remedy or prevent grievances which by a reasonable effort can be prevented or remedied by the persons concerned." Some witnesses were satisfied to work under the deferred rebate system as being preferable to any other tie but they were of opinion that the shippers' grievances would be materially less if the period of deferment were reduced and the system otherwise simplified.

EVIDENCE GIVEN ON BEHALF OF THE SHIPOWNERS.

A.—AS TO THE DEFINITE COMPLAINTS MADE BY SHIPPERS REGARDING FREIGHTS AND PROFITS.

(1) Comparison of Freight Rates under the Rebate System with Rates for Continental Shipments.

Shipowners admit that anomalies in the matter of these rates do occur. In normal times the Continental and British rates are kept at a parity through Conference agreements. The low Continental rates since the war are partly the result of the keen competition between foreign lines, which has brought rates in many cases below an economic level, and partly because Continental port dues and charges are on a lower scale than here. Recently an agreement has been reached to maintain equal rates from the Continent and from Great Britain in the Australian trade, and similar negotiations are proceeding in other trades.

- (a) The difference in rates in the Australian trade has now disappeared in consequence of the agreement above mentioned.
- (b) The disparity in the Calcutta-London and Calcutta-Hamburg rates was stated to be due to lower discharging expenses in the latter port. Actual steamer accounts were put in to show that the cost of discharging a ton of cargo from the same ship on the same voyage in London and Hamburg were 9s. 10d. and 1s. 4d. respectively; in the case of another vessel the figures were 7s. 4d. and 1s. 0½d. [The exchange value of the mark was in each case taken as 1,00 to the £.]
- (c) Up to the outbreak of war there was a common tariff on a basis of equal rates from British and Continental ports to the Argentine. The difficulty in getting back to this condition was accentuated by the chaotic conditions of exchange.

(2) Sir Percy Bates strongly contested the complaint that the high rates of freight from Calcutta made it impossible for Calcutta linseed to compete with Argentine linseed in the London market. He pointed out that during the period complained of (December, 1920—March, 1921) very little linseed came from India, even from Bombay where the freights were presumably satisfactory. The imports from Argentina in 1920 and 1921 were 216,000 tons and 401,000 tons respectively, and from India 43,000 tons and 41,000 tons respectively—the latter figure being the smallest India import since 1913 (126,000 tons). The export of linseed from India fell off in 1921, because of the fall in the sterling value of the rupee, which through its violence checked rather than stimulated export; and in every factor making up the cost of linseed c.i.f. London there were violent changes as against which freight had little effect. Further the homeward liner trade from the Argentine is based on frozen and chilled meat, and the carriage of linseed is left to tramps, which adjust their rate according to their outward employment, e.g., coal from South Wales. If the Calcutta shippers had to rely on tramp tonnage the freight would be higher than it is, because tramps would generally have to come to Calcutta in ballast.

(3) Comparison with Rates charged by Conference Lines in other Trades where the Deferred Rebate System does not obtain.

(a) *Australian Coastal Trade.*

Sir Alan Anderson stated that comparisons between the coastal and homeward freights in the Australian Trade are beside the point as in neither trade does the deferred rebate exist. [The shippers' argument presumably is that the rebate system holds the whole United Kingdom=Australia trade though applying directly to the outward trade only.]

(b) *Calcutta=United Kingdom Trade as compared with Bombay=United Kingdom Trade.*

Rough Cargo.—As regards the freights from Bombay and Calcutta, Sir Percy Bates held it was fallacious to make a comparison based on comparative length of voyages as such a method disregarded important factors. For instance, Calcutta exported coal coastwise whereas Bombay imported coal. Consequently vessels were becoming empty in Bombay and as they tried to obtain a cargo this naturally affected rates ruling from the port. These colliers may be chartered to load on the berth or by a freight speculator. There were no similar vessels discharging at Calcutta and looking for homeward freights. Further, at Bombay there were regular fixed passenger and mail sailings to United Kingdom and Europe and such vessels were frequently carriers at rates cheaper than the world basis and they affected the general Bombay freight market. The passenger vessels were not so regular from Calcutta and in any case with such vessels cargo held a predominating interest. Further, the round voyage had to be considered. For the outward voyage to Bombay, steamers obtained a better assortment of cargo and quicker discharge, combined with lower port dues than at Calcutta.

Tea.—The shipowners pointed out that precisely the same complaint was made to the Royal Commission, namely, that cargo rates were kept unduly high so that the tea rate might be maintained at a high level. At that time there was no rebate system in the trade. At the time when the last tea contract was made and subsequently, outside tramp rates from Calcutta were considerably above the liner rates.

(c) *Ceylon-United Kingdom Trade as compared with Calcutta-United Kingdom Trade.*

Mr Holt said that the homeward Conference from Colombo consisted of so many lines that Colombo had an almost daily service. The average shipment was not big and normally vessels reserved space for Colombo by shutting out cargo at original loading ports. Colombo rates could not therefore depend upon Calcutta rates but must be fixed at such a level as to induce not only Calcutta steamers but Far East and Australian steamers to reserve space. Tables were put in to show that Colombo freights were as often below Calcutta as above them over a period of years and that on the whole Colombo rates had compared favourably with these at Far East ports. In general terms the consideration of rates on the basis of their ratio to geographical distance was misleading. It neglected such important factors as the comparative cost of loading or discharging and cost of coal.

(4) Comparison of estimates of the cost of working vessels on the Australian run and of the profits that should be earned thereby.

As regards Mr Turner's estimates of the cost of running steamers in the Australian trade, Sir Alan Anderson contended that they were incorrect. Accepting, for the sake of argument, the rates for coal, &c., which were quoted, he said that on the outward voyage in ballast the expenses of the 10-knot tramp would not be £12,000, but £15,800, and of the 13-knot cargo liner about £18,500 instead of £14,000. The difference arose chiefly in coal, for which an extremely low consumption was taken, which could not be accounted for unless it were an error in calculation. As regards the homeward voyage, the expenses were about right. He contended that Mr. Turner's argument was that the liners were making extravagant profits, but in estimating the earnings of the liner it had been assumed that it went full, which was contrary to

facts. Assuming the liners were 37 per cent. full (the actual figures given for 1921 were 31 per cent., and for 1920 43 per cent.), the outward earnings would not be £46,000, but £17,112. These alterations converted the alleged gross profit of £15,800 to a loss of £13,300 on the outward voyage.

As regards homeward earnings, Mr. Turner had assumed that the ship loaded full with the three best classes of cargo only. Such cargo alone could not be got on the berth, and the ship had to take what was offering.

(5) The actual profits and financial position of the shipping companies concerned in the Australian trade.

Lord Inchcape stated that the policy of the shipping companies was the conservative and careful one of not distributing all their profits; they paid very small dividends. In his view, if new capital had been raised by public subscription for fresh vessels, higher freights would have been necessary to pay increased dividend, interest and depreciation charges. During the war, the Government took all the profits, as the ships were chartered to the Government at blue-book rates. At the time the witness gave evidence (June, 1921) he thought the outlook was very bad, as every ship going out to Australia was coming back with a large debit balance. He explained that in shipping there were a few good years, then a few bad years, and if the profits earned during the good years were distributed there would be serious difficulties in the bad years. In his judgment, the great shipping companies would be at the end of 1921 in a worse position than they were at the end of 1913. The prices of new ships had reached very high figures in 1920, and though there had been some fall lately, it was not more than about 15 per cent.

Sir Alan Anderson strongly criticised the evidence as to the financial position of the Orient Company. The Company was formed, he said, in 1878 with a capital of £466,000. In 1900 it was reconstructed; £140,000 was written off, and the shares were divided into a little over £100,000 deferred, and the rest preferred. Up to 1910 (32½ years), allowing for the writing off of the capital, there was a return of 1·49 per cent. per annum, and yet during this time, except for six years, a rebate system was in force. In 1907 a new fleet was built, which was in the water in 1910. This cost nearly £2,000,000, which was raised by borrowing where they could, from bankers, etc. About £100,000 profit in hand was put into it, and some debentures were issued. Thereafter the Company was trading, not on its nominal capital of £320,000, but also on the £2,000,000 which was borrowed. The bonuses which were given were on the original deferred capital of £100,000, but were earned on the £2,000,000; a 50 per cent. return on £100,000 only amounted to a 2½ per cent. yield on £2,000,000. In 1920 a bonus (*see* p. 34) was issued to bring the nominal capital more into relation with the real capital; some debentures were still outstanding. As regards reserves and depreciation, they aimed at depreciating 10 per cent. in the first year, reducing this by ½ per cent. each year afterwards, and this they had managed to do. The witness further pointed out that the Orient Company only derived 13 per cent. of its income from freight under rebate, and the influence of the rebate system was, therefore, not so large on their business as it might seem.

Sir Percy Bates said he was prepared to offer a similar criticism of the figures given relative to the financial position of the Commonwealth and Dominion Line, if it were considered necessary, but the Committee did not require this.

B.—EVIDENCE AS TO THE GENERAL PRINCIPLES UNDERLYING THE REBATE SYSTEM.

(1) The General Question.

The shipowners disclaim that the rebate system sets any limitations to the shippers' freedom of action. They point out that merchants have freedom of contract as they are free to leave the Conference at any time on forfeiture of the rebates. The amount of the rebate was very small compared with the value of the cargo. Although it was usually 10 per cent. of the freight, it only amounted on an average, for

example, to five-eighths, of one per cent. of the value of the cargo in the Far Eastern trade and to something similar in the Australian trade; and to one-third of one per cent. in the case of tea home-ward from Ceylon. They point out that they do not discriminate against a shipper who ships outside the Conference lines by refusing to take his cargo; all that happens is that the shipper who gives exclusive support receives a 10 per cent. preference in freight over the one who does not and this is regarded as a legitimate business deal. The 10 per cent. rebate is the measure of the monopoly power which the Conference can exert. It was admitted, however, that in the case of a large shipper, the accumulated rebates may amount to a considerable sum, greater than the freight on a pretty good consignment.

It is denied that the Crown Agents are "hampered" in bargaining for the lowest rate of freight as they are free agents and can exercise the same option as all other shippers. Sir Alan Anderson was strongly of opinion that the practice of giving special terms for Government cargoes in the matter of contract quantities of railway materials, etc., was a bad one. Governments ought to pay their fair share of the expenses of running the ships.

(2) The Advantages derived from the System.

Shipowners hold, and merchants do not deny, that they provide regular, frequent, and efficient services and, in regard to general merchandise, preserve stability of freights, equal treatment for large and small shippers alike, and abstention from shipment on owner's account. It was admitted, however, that these advantages were not the subject of any explicit undertaking.

(a) *Stability of Freights.*

As showing that the policy of the Conference made for stability of freights, Sir Alan Anderson said that in the period before control during the war the increase in the Australian cargo rate was 100 per cent. as compared with an increase in the Wales Plate Coal Charter of 381 per cent. during the same period. During the control period, free tramp rates increased by as much as 1,054 per cent. After control the respective increases on pre-war freights were 117 per cent. and 208 per cent. in 1919; in 1920 the tramp rates came down to 73 per cent. and in 1921 to 4 per cent. over pre-war although their expenses still showed well over 100 per cent. increase. In 1921 the liner rate was 100 per cent. over pre-war, though expenses showed a larger increase.

He added that in this connection the merchants' and the consumers' interests coincided as neither wanted violent fluctuations in the price of commodities or in freights and when such fluctuations existed, trade had to be conducted on wide margins.

(b) *Equality of Rates.*

All the shipowners said that this was never departed from as regards general merchandise in trades run with a deferred-rebate system. Full or large cargoes of heavy materials such as steel rails, etc., were, however, at times the subject of special contracts as they were suitable for carriage by tramps and might otherwise be taken that way.

(c) *Regularity and Frequency of Service.*

With regard to the statement that in the East African trade they called at irregular and long intervals and were delayed long in loading, the shipowners' evidence was to the effect that owing to shortage of cargo, particularly outwards, East Africa would frequently have been left entirely without any steamship communication at all, but for the fact that the shipowners were sensible of their obligations to maintain regular services even though the maintenance of such services resulted in serious loss. Further it was pointed out as showing that the shipowner felt himself under such an obligation that during the South African War, one owner sailing on the berth to South Africa continued to run a regular service and lost money owing to port delays although other owners were making large sums on time charters.

(3) The Necessity for Conferences and a Tie.

Shipowners generally took their stand by the findings of the Royal Commission on Shipping Rings that conferences of shipowners were necessary in most trades and further that such conferences must have some hold over their shippers. They referred in particular to Sections 295-6 of the Majority Report which are as follows:—

“295. The connection between a service attended by advantages such as those indicated and the Conference system enforced by the deferred rebate has been fully discussed, and we have expressed the opinion that, except under somewhat special circumstances, some such system is required if an organised service is to be maintained on a permanent basis. In support of this conclusion we desire to emphasise the following points:—

1. The history of the origin of Shipping Conferences, which we have given in Part I, shows that the demand on the part of shipowners for some such protection as that afforded by the rebate system synchronises in a significant manner with certain developments in the methods of sea carriage then in the course of evolution; that is to say, the growing requirements of trade for an organised service, the weakening of the personal hold of shipowners on particular ports or trades, and the increased keenness of competition between shipowners.

2. The system of Shipping Conferences and deferred rebates has undergone development and adjustment till it is to be found dominant on nearly all routes where a trade in general merchandise is the chief interest, and, on the other hand, absent from, or but in partial operation on, routes where the main trade is of a different character. The exceptional circumstances of the coasting and the North Atlantic trades, when examined, appear to us to lend additional weight to the arguments based upon this coincidence. They are, in fact, exceptions which prove the rule.

3. The evidence which we have heard or obtained in answer to inquiries shows that not only the shipowners but a large proportion we are disposed to believe a large majority, of the regular shippers regard Shipping Conferences making use of the system of deferred rebates as the necessary means by which the advantages supplied under an organised service can be attained.

4. The economic reasons underlying the connection between the advantages of an organised service and the demand of shipping companies for an effective tie have been examined. Lines which maintain a regular service covering small as well as large foreign ports, and sailing at regular and fixed dates, are involved in greater expenses than competitors who choose their sailings and offer only irregular opportunities for shipments. Moreover, owing to the moveable nature of ships, such competitors, if driven off by the Conference from any one route, can resort to other trades without suffering any loss commensurate with that incurred by unsuccessful competitors in the general industrial world. When times are favourable, they can return uninjured to the attack. Finally, the adoption of some of the improvements whereby transport is cheapened, *e.g.*, the building of ships of larger carrying capacity or specially adapted for particular trades, increases the risks and difficulties of regular lines unless they possess some guarantee of a continuity of custom.

“296. On these as well as other grounds of less moment, we consider that where a regular and organised service is required, the Conference system, fortified by some tie upon the shipper, is as a general rule necessary.”

The shipowners claimed that no changes of a fundamental character had taken place since the Commission reported as would modify these findings or invalidate the arguments on which they rested. Without the deferred rebate system or some tie equally defective the Conferences could not ensure to shippers the main advantages which they require, namely, regularity and efficiency of service and stability and equality of rates.

The purpose of the tie was stated to be to prevent spasmodic competition by tramps. Such vessels would not compete on their own merits but would become to all intents and purposes part of the Conference service, although they had taken no part in providing that regularity of service which justifies the existence of the Conference nor in creating a trade or maintaining one at times when the service could only be maintained at a loss. The enormously greater capital value of the high class

liner, together with its increased cost of running over the tramp, accentuates the unreasonableness of such competition; moreover, a far greater proportion of the earnings of liners is applied to the up-keep and continuous forward development of a highly efficient service.

Sir Alan Anderson further stated that the tie acted as a protection to shippers in that it prevented speculative merchants taking advantage of cut rates to the detriment of their competitors.

Sir Ernest Glover, in dealing with the rebate system from the point of view of the tramp owners, said that they did not pretend to like the system, as they naturally favoured open markets, and the system was admittedly aimed at excluding the tramp. There was, however, no strong feeling on their part against it so long as it only applied to parcels or berth business and did not extend to whole cargoes. Generally speaking, the tramp owner did not want to cut into the berth trade, as it did not suit him. He agreed, however, that tramps could intermittently cause a dislocation of rates in a liner service.

The case of efficiently organised outside lines seeking to enter a trade was different. Sir Alan Anderson said that the Conference would naturally fight to keep them out, but the history of almost every trade showed that the rebate system has never kept out a powerful and efficient line provided always there was room for it and its advent was welcome to the shippers. No rebate or any other system would preserve a trade for a Conference unless that Conference served the trade adequately. He admitted that the Conference might become so strong, however, as to deter any new enterprise.

Sir Alan Anderson and Sir Percy Bates said, however, that excessive competition in a trade led to economic waste as the trade had to carry more ships than were necessary. Sir Percy Bates added that this meant that the facilities afforded steadily deteriorated because they could not pay, or if they paid, did so at the expense of the trade.

As regards the Commonwealth Government Line, the Conference view, as expressed by Lord Inchcape and Sir Percy Bates, was that this line was trying to enter a trade which the Conference had built up. The Conference naturally fought any new line, and they regarded the competition of a State-owned line as much worse than that of an ordinary company. Sir Alan Anderson thought the real question was whether there was room for the new line, and the answer rested with the shippers. He considered it was a bad time to introduce a new line when ships were going to Australia only one-third full. Mr. Holt said that the Conference had never refused to admit the Government line, but the difficulty was that they would not accept the rebate system.

The shipowners admitted that in certain trades regular services were run without a rebate system. They claimed, however, that on examination of such trades it would be found that the imposition of a tie was impracticable or unnecessary or that the other advantages the shippers desired were absent. The following examples and comments were given:—

- (a) *The Australian Homeward Trade* was run without a rebate system. The operation of the system in the outward trade, however, insured a regular homeward service. Further, the regular lines could not carry all the cargo offering, much of which, such as wheat, was carried by tramps. The homeward voyages were fixed on a basis of refrigerated produce, and contracts were often made with representative associations over a period of years at a uniform rate of all shippers. This very specialised type of tonnage hardly needed rebate protection.
- (b) *The New York Australia Service* is maintained on a basis of preferential contracts, and has not continued to make the same progress in respect of regularity and speed as has been the case in other trades where the rebate system has been allowed. In certain other outward American trades where no Conference existed, individual lines maintained their position through the exclusive support of one or more large customers.
- (c) *United States—South Africa Service*.—It has been impossible to develop a passenger or express cargo service in this trade. A large percentage of the trade is carried on under a system of agreements with large Corporations presumably on preferential terms.

(d) *India—United States of America Trade.*—Special reference was made to this trade by Sir Stephen Demetriadi, as having a regular service run without a rebate system. The shipowners, in reply, point out that the witness does not state how far this service is dependent upon the existence of large contracts or that both shipowners and shippers have suffered much from instability of rates and the attempts of some shippers to use the incursions of outside tonnage to their own advantage.

(e) *The South African Homeward Trade.*—The absence of a rebate system has resulted in widely fluctuating rates and general disturbance.

As regards American trades generally, it was stated by Sir Alan Anderson that the Shipping Board were trying to form Conferences based on a limitation of tonnage in order to maintain rates. Mr. Holt thought they would next be driven to reversing their legislation when they found these Conferences could not be worked satisfactorily without a rebate system or other tie.

(4) Alternative Ties to the Deferred Rebate System.

The shipowners maintain that it is necessary for them to have some hold over their customers and that the deferred rebate system is the best tie. Their position with regard to other ties was as follows :—

(i) *The Agreement System.*

Sir Alan Anderson believed that the South African agreement was in practice working not unsatisfactorily but that it was not very popular with either side. He said it was cumbersome but he had not had any concrete instances of objection to it. Shipowners were agreed that the deferred rebate system was the better tie but Mr. Holt said that if the majority of the shippers in a trade wanted the agreement the shipowners would find it difficult to resist them.

It was urged against the agreement system generally that it would be difficult to make the agreement apply to all merchants generally whereas the rebate system was automatic. The agreement held the shipper under an absolute obligation for a certain period of time whereas the rebate system enabled him to withdraw at any moment if he is willing to forego his rebates. The shippers' interests in the South African trade are to a quite exceptional degree focussed in an association competent to negotiate for all, whilst in any large general trade lacking such a representative association it would be highly inconvenient, if not wholly impossible, not only to complete but to renew at intervals contracts with individual members of a widely scattered and constantly changing clientèle. Mr. Holt thought it would be more difficult for a shipowner to break into a trade with an agreement system, especially if the sanction were a forfeiture under bond as any offer to pay damages for breaking the agreement, in the same way as forfeited rebates were paid, would presumably render the competing shipowner liable to criminal proceedings.

(ii) *Preferential Contracts.*

These were in operation in various trades before the advent of the deferred rebate system. The latter replaced them with the general approval of the shipper though some big shippers resented its introduction. Mr. Holt said that shipowners were reluctant to enter into such contracts now as they lead to trouble and jealousy, but if a trade became "open," shipowners would be driven to making them to ensure regular support.

(iii) *The Question of Extending an Option to the Shipper.*

Questions were put to Sir Percy Bates and Mr. Holt as to the possibility of an option as between the agreement and rebate systems being extended to the individual shipper. As the idea was novel, the witnesses were not fully prepared to answer and the matter was subsequently taken up directly with the Shipowners' Associations (see Appendix V). Mr. Holt, however, said that there appeared to be no insuperable objections so long as rates were not fixed by the agreement, and that shipowners would be ready to go into the matter if the majority of their shippers demanded it.

C.—AS TO THE OBJECTIONS MADE BY SHIPPERS TO THE DEFERRED REBATE SYSTEM AS AT PRESENT IN OPERATION.

(1) The length of the period of deferment.

The shipowners say that it is only desired to make the period of deferment sufficiently long to protect both shippers and owners, and that the period, which differs widely as between different trades, is a question peculiarly suited for discussion between the two parties.

(2) The payment of interest on the Rebate.

Shipowners in general do not admit this claim, as they contend that the rebate is part of the freight and is the property of the shipowner, to which the shipper has no title unless and until he has fulfilled certain conditions.

(3) Complexity.

Shipowners said they were prepared to explore with shippers the possibility of simplifying the conditions under which the rebate system is applied. They objected, however, to the claim that shipowners ought to pay rebates to shippers without the latter being under an obligation to claim them. This claim, and the proposal that an annual return of unclaimed rebates should be made, arose from the view that rebates were throughout the shippers' money. In any case, it was difficult for shipowners to be certain as to the actual ownership of the rebate in doubtful cases, and, further, presumably, if this method were adopted, shippers who wished to leave the Conference would have to declare their intention in terms instead of merely abstaining from claiming rebates.

(4) Alteration of Rebate Form without notice.

This could only be due to inadvertence; it is not the practice of the Conference.

(5) Enforcement of Rebate Conditions in respect of Shipments from Ports not served by the Conference.

The shipowners said it was impossible to admit the contention put forward by the Manchester Association of Importers and Exporters. They point out that the similar case of Dundee was considered by the Royal Commission, who reported that they had not found any actual hardship imposed upon shippers of this port by its non-inclusion in the list of Conference ports of sailing. The force of economic law can be relied upon to place in the list of Conference ports any additional port as soon as it can offer sufficient inducement.

(6) Comparison of Rebates in New Zealand and Australian Trades.

Not dealt with by the shipowners.

(7) Outside Shipments.

Sir Percy Bates said that permission to ship by outside vessels was always given when Conference tonnage was not available within a reasonable time, and instances in the Indian homeward trade and East African trade were adduced in support of this. He admitted, however, that the interpretation of "reasonable time" might lead to arguments, and the decision remained with the Conference.

D.—SUGGESTED REMEDIES.

The shipowners submitted that in general the burden of complaint against the deferred rebate system, as shown by the evidence given to the Committee, was not so heavy as at the time of the Royal Commission; and that it did not contain anything to falsify the findings of the Commission in any material degree. No system of regulating ocean trade could be so perfect as to obviate all difficulties, and as compared with the immense volume of transactions covered by the operation of the

Conferences, the specific complaints were small in number and in some cases unsubstantial in character.

They further submitted that any legislation directed against combinations of shipowners in particular would be class legislation and a gross injustice. It would be indefensible to prohibit shipowners from granting any consideration for exclusive support while other traders were at liberty to employ such means to consolidate their position.

Any legislation of a prohibitive nature, unless international in character, would injure British shipowners, especially at present when the war has stimulated the growth of foreign shipping and when foreign Governments are displaying a marked inclination to pass discriminatory legislation in favour of their own nationals.

Any interference by Governments with the workings of the shipping trade is markedly detrimental, and freedom of contract is the first public necessity.

They maintain that any defects or difficulties demonstrable in the working of the rebate system are such as can most properly be left, as the Royal Commission recommended, for settlement by bargaining and negotiation with representative bodies of shippers, who should, equally with the shipowners, possess adequate power for collective bargaining by combination.

Very little has been done in this way, but the shipowners would welcome the formation of Associations with whom they could confer. They confidently expect that if the machinery for bargaining was complete, the whole question of deferred rebates would reach a settlement. Such a settlement would be flexible and capable of adjustment to the precise and varying needs of different trades whereas legislation could only effect a rigid settlement. Above all shippers and shipowners would be jointly responsible for its attainment and maintenance on a basis of a full and frank recognition of their mutual needs and difficulties.

They considered that it would be undeniably premature to supersede the recommendations of the Royal Commission until at least they have been given a fair and reasonable trial.

APPENDIX III.

SUMMARY OF THE RECOMMENDATION OF THE ROYAL COMMISSION ON SHIPPING RINGS.

The Royal Commission on Shipping Rings was appointed in November, 1906, to enquire into the operation of shipping rings or conferences generally, and more especially into the system of deferred rebates and to report whether such operations had caused or were likely to cause injury to British or Colonial trade, and if so what remedial action, if any, should be taken by legislation or otherwise. The Chairman of the Commission was Mr. Arthur Cohen, K.C., and among the members were Lord Inverclyde, Sir Hugh Bell, Sir David Barbour (representing India), Sir Alfred Bateman, Sir John Macdonell, Mr. (now Sir) Robert Collins (representing Australia), Mr. Birchenough (representing South Africa), Mr. Pember Reeves (representing New Zealand), Mr. Mathers of Nova Scotia, Mr. (now Sir) Owen Philipps, and Mr. Oswald Sanderson.

The Commission made a Majority Report, which was signed, amongst others, by the shipowner members, to the effect that by means of the deferred rebate system shipping conferences protected themselves from competition and possessed a limited monopoly and that the limits to the monopoly lay chiefly in the latent possibility of alternative methods of transportation coming into existence if the monopoly were seriously and continuously abused (paragraphs 105 and 110). The Minority Report, which was signed by Sir David Barbour, Sir John Macdonell, Mr. Collins, Mr. Birchenough, and Mr. Barry, goes further than the Majority Report, and the signatories find that the conference system with the deferred rebate has created a monopoly "the limitations upon which are in many cases illusory and which generally tend to decline" (page 114). They also point out that such monopoly is subject to no statutory or legal control and state that such a position appears to them inadmissible.

The Majority Report expresses the opinion that the advantages conferred by shipping conferences are substantially dependent upon the rebate system or some

this Agreement on giving fair and reasonable notice, but their withdrawal shall not otherwise terminate this Agreement and shippers shall have the liberty to ship by the Union-Castle Mail Steamship Company, Limited, from the Continent, Middlesbrough, London and Southampton.

(Merchant's Signature).....
 Steamship Lines.....
 Date.....19.....

APPENDIX V.

Correspondence with Chamber of Shipping and Liverpool Steamship Owners' Association in regard to the possibility of an OPTION between the REBATE SYSTEM and an AGREEMENT SYSTEM.

4th July, 1923.

DEAR SIR,

During the course of the evidence in regard to the deferred rebate system given before the Imperial Shipping Committee by Sir Percy Bates and Mr. R. D. Holt, on behalf of the Chamber of Shipping and the Liverpool Steamship Owners' Association, questions were asked as to the possibility of an arrangement whereby the shipper could be given the option of signing an agreement or of remaining under the deferred rebate system.

My Committee have since given further consideration to the matter and they have desired me to ascertain the detailed views of your Chamber as to whether it would be practicable for steamship owners through the various steamship Conferences to offer their shippers a running option of the rebate system as at present operating or a contract in which the main points of general application might be on the lines of the enclosed Memorandum of Agreement in use in the South African Outward Trade.* It is obvious that the details of such contracts would require careful consideration. It is recognised, for example, that provision would have to be made to prevent a shipper who had entered into a contract being able to revert to the rebate system before the expiry of such contract.

In view of the difficulties at present besetting ocean trade, it seems desirable that the report of my Committee in regard to the deferred rebate system should not be unduly delayed. I should esteem it a favour, therefore, if your Chamber could let me have their reply as soon as you can make it convenient.

A similar letter has been addressed to the (Liverpool Steamship Owners' Association) (Chamber of Shipping).

Yours faithfully,

(Signed) H. J. MACKINDER,

Chairman.

The Secretary,

Chamber of Shipping of the United Kingdom.

The Secretary,

Liverpool Steamship Owners' Association.

* See Appendix IV.

Chamber of Shipping of the United Kingdom,
28, St. Mary Axe,
London, E.C. 3.

28th July, 1922.

REBATES.

SIR,

Your letter of the 4th inst. has been carefully considered by the Chamber of Shipping of the United Kingdom and the Liverpool Steamship Owners' Association, and we have been instructed to reply thereto as follows:—

Assuming a widespread desire among shippers for a Contract Option as an alternative to the Rebate System, the shipowners would, we believe, extend such an option, provided it can be extended without prejudice to the existence of the Regular Lines which have been instrumental in building up the export trade of the country.

They are naturally predisposed to view with misgivings the introduction of an alternative to a system which for forty years or more has been immensely helpful to trade by providing security of tenure essential to the maintenance of the Regular Lines. The conditions in the various trades are diverse, and there is a corresponding diversity of opinion among shipowners as to how far the introduction of the alternative system is practicable.

There are, however, certain considerations arising from the suggestion which are generally pertinent to all trades:—

(1) If the Contract is to run for a definite period, then the shipowners must have the right, conceded to every other trader, of selecting the persons with whom they make such Contracts and their due fulfilment must be guaranteed to the satisfaction of the shipowners.

It must be borne in mind that if such Contracts instead of imposing the obligation to ship a definite quantity of cargo within any period, provide merely that the shipper is to give his entire support to the Line during that period, assurance of good faith as well as of financial sufficiency becomes of the first importance.

(2) Under the Contract system the onus of proving that the shipper has not given his entire support is on the shipowner.

Under the Rebate System the onus of proving that he has given such support is on the Shipper.

All the books and papers bearing on this point are under the control of the shipper, and whilst it is a simple matter for him to prove the affirmative, it is almost impossible for the shipowner without access to such books and papers to prove the negative.

(3) The above considerations are of importance in the outward trades from this country, however well they may be organised. They are of overwhelming importance in certain homeward trades in which the shippers are of many nationalities.

(4) The volume of cargoes and the regularity in their flow, vary greatly in the trades covered by the Conference. It is therefore impossible for the shipowners to assume in all trades, as under the South African Contract, a responsibility in regard to regularity of service greater than is assumed under the Rebate System.

(5) The working of the dual system must result in some disorganisation in the established practice, introduce some inequalities, and impose a good deal of extra work on the Lines.

For these reasons and because Contract Shippers, if they pay only a net rebate freight, would have a preference over the Rebate Shippers, some percentage addition, say, 2½ per cent., must be made to the net rebate freight in the case of all shipments made under Contract.

(6) Each shipper entering into the Contract would require to agree—

(a) To give his entire support to the Conference Lines throughout the Contract period, and at the end of that period to produce (if so required) his books and papers so that the Lines may be able to satisfy themselves that such support has been given. The Rebate Shippers are bound to satisfy the Lines on this point.

NOTE.

The estimated cost of the Indian Mercantile Marine Committee, including the cost of printing the Report and the Evidence as follows :—

	Rs.	A.	P.
Salary of Members and Staff ...	83,337	0	0
Travelling (including Daily allowance) ...	37,674	0	0
Printing ...	10,300	0	0
Contingencies ...	6,089	0	0
Total ...	<u>1,37,400</u>	<u>0</u>	<u>0</u>

CHAPTER II—*contd.*

PARA.		PAGE.
22.	Facilities for further training as apprentices	14
23.	Prospects of employment after completion of training	15
24.	Assistance to Officers to pass their Board of Trade Examinations	15
25.	Period of service necessary to become Master of a ship	16

ENGINEERS.

26.	Fitness of Indians to become Engineer officers in the Mercantile Marine	16
27.	Facilities for training available in India	17
28.	Further experience at sea	18
29.	Facilities for further study before sitting for Board of Trade Examinations	18
30.	Provision for employment after completion of training	18

CHAPTER III.—DEVELOPMENT OF AN INDIAN MERCANTILE MARINE.

32.	Present condition of the shipping industry in India	19
33.	Conditions which militate against the development of shipping enterprises by the people of this country	19
35.	Facilities for training of officers and engineers the first step to be taken	21
36.	View of certain witnesses that no further assistance beyond the provision of training facilities is required	21
37.	Opinion of other witnesses who press, in addition, for the reservation of the coastal trade for ships owned and managed by Indians	22
38.	Provision of training facilities alone not sufficient	23
39.	Reservation of the coasting trade	23
39.	Exclusion of foreigners from the coasting trade	23—24
40 and 41.	Proposal to reserve the coasting trade for ships the ownership and controlling interests in which are predominantly Indian	24—26
41 to 43 and 46.	Proposal to introduce a system of licenses in respect of the Indian coastal trade	26—29 and 30
44.	Proposal to purchase one of the existing British lines operating on the coast	29
45 and 46.	Other forms of State aid	30—31
47.	Mail subsidies	31
48.	Indianisation of the Pilot Services, the Marine Departments under Local Governments and Port Trust vessels	31—32
49.	Difficulties of Indian Companies in regard to the internal river traffic and trade	32

**CHAPTER IV.—MEASURES FOR THE ENCOURAGEMENT OF
SELF-PROPELLED SHIPBUILDING IN INDIA.**

PARA.	PAGE.
50. Present condition of the shipbuilding industry	33
51. Shipyards visited	33
52. Experience of shipbuilding in India is limited	34
53. Calcutta best position for shipbuilding	34
54. Competition with non-Indian shipbuilders only practicable for small vessels	34
55. Necessity for the protection of the shipbuilding industry in India	34
56 to 59. Methods of protection proposed	34—37
60. Possibilities of training suitable Indian shipbuilding staffs	37
60. Facilities in Great Britain for the scientific education of Naval Architects and the technical education of the shipbuilding staff	37
61. Necessity for the establishment of a similar educational system in India	38
62. Graduates from engineering colleges in India should receive addi- tional courses in Naval Architecture and be used for assisting in the building of shipyards and afterwards in building ships	38

CHAPTER V.—ROYAL INDIAN MARINE.

63—66.	Proposed reorganisation of the Royal Indian Marine into a Royal Indian Navy and its Indianisation	39
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Minute of Dissent		40—46
Appendix A		47
Appendix B		56
Appendix C		66
Appendix D		88

- (4) for the encouragement of shipbuilding and of the growth of an Indian Mercantile Marine by a system of bounties, subsidies and such other measures as have been adopted in Japan;
- (5) for the acquisition of training ships by gift from the Imperial Government or otherwise; and
- (6) for the construction of the necessary dockyards and engineering workshops in one or more ports.

2. The Committee assembled at Delhi on the 12th February 1923 and proceeded immediately with the work of preparing their Questionnaire which was finally issued on the 3rd March 1923. The Questionnaire, which is reproduced in Appendix A to this Report, was forwarded to local Governments and also to various Associations and individuals, who were invited either directly by the Committee or through local Governments, to forward their replies in writing. At the same time the fullest publicity was given to the Questionnaire of which nearly 3,000 copies were sent all over the country and a general notification was also issued requesting any Associations or individuals not so invited to represent their views. After issuing their Questionnaire at Delhi, the Committee decided to disperse and to reassemble at Bombay on the 3rd April in the hope that the Bombay witnesses at least would have been in a position to submit their written statements before that date, enabling the Committee to proceed at all events with the oral examination of witnesses in the Bombay Presidency and Sind. However, when the Committee assembled at Bombay on the 3rd April, only 16 written replies from the whole of India had been received; while representations had been sent in from certain important public bodies asking to be given more time for the consideration and preparation of their replies. In these circumstances, the Committee decided to postpone the oral examination of witnesses and issued a press communiqué informing all concerned that the date for the submission of written replies to the Questionnaire had been extended up to the 1st September 1923. The Committee stayed in Bombay for 9 days and during that period usefully employed their time in paying a round of visits to certain dockyards and marine engineering workshops. The Dockyards visited were the Royal Indian Marine Dockyard, the Mazagon Dock belonging to the P. and O. and British India Steam Navigation Company, and the Workshops of Messrs. Alcock Ashdown and Company. The Committee also paid a visit to the Navigation School at Novha, Hog Island, maintained by Sir Mohamed Ynsuf, Kt. The Committee held their last meeting at Bombay on the 12th April 1923 and then finally dispersed after deciding to meet again about the middle of the following November

for the purpose of prosecuting their enquiries further. At a meeting held at Simla on the 24th July the following tour programme was provisionally decided upon, subject to such changes as might be found necessary from time to time :—

November 19th	Reassemble at Bombay.
" 20th to }	Halt at Bombay.
December 6th }	
" 7th	Departure Bombay by sea.
" 9th	Arrival Karachi.
" 10th to 12th	Halt at Karachi.
" 13th	Departure Karachi.
" 17th	Arrival Calcutta.
" 18th to 31st	Halt at Calcutta.
January 1st	Departure Calcutta by sea.
" 4th	Arrival Rangoon.
" 6th to 10th	Halt at Rangoon.
" 11th	Departure Rangoon by sea.
" 14th	Arrival Madras.
" 15th to 21st	Halt at Madras.
" 21st	Disperse at Madras.
First week of February	Reassemble at Delhi to write the report.

This tour programme was strictly adhered to. Owing to his appointment as a member of the Indian Bar Committee, Diwan Bahadur T. Rangachariar was unable to sit with the Committee at Karachi or Madras and the Hon'ble Mr. Lalubhai Samaldas was prevented, owing to the exigencies of business, from accompanying the Committee to Rangoon.

3. When we reassembled at Bombay on the 19th November, we found that in response to our invitation, The Evidence. we had received a great volume of written evidence from all shades of opinion connected with the shipping and shipbuilding industry in India. Written statements were received from 128 witnesses and out of these 72 were orally examined. Lists of these *Appendix B. witnesses are attached.* We wish to express our indebtedness to all who, at the expense of time and labour, furnished us with written statements of their views and to those who also gave oral evidence before us. Our thanks are due to the managers and officials of the various dockyards and Acknowledgments. marine engineering workshops visited by us for their ready courtesy in showing us round their establishments. We also wish to express our thanks to those local Governments and Government officials

who made arrangements for our office accommodation at the ports which we visited.

4. Calcutta being the chief centre of interest from the ship-building point of view, we took the opportunity during our stay there of visiting the following dockyards and engineering workshops :

Visits to dockyards and engineering workshops.

1. The Hooghly Docking and Engineering Company's workshops at Sulkea.
2. The B. I. S. N. Company's Dockyard at Sulkea.
3. Messrs. Burn and Company's workshops at Howrah.
4. Messrs. John King and Company's workshops at Howrah.
5. The River Steam Navigation Company's workshops at Garden Reach.
6. Dockyard at Garden Reach belonging to the India General Steam Navigation and Railway Company, Ltd.

At Rangoon we had the advantage of being shown round the port by the Port Commissioners and of visiting the workshops of the Irrawady Flotilla Company at Dalle.

5. When the Committee met at Bombay on the 4th April 1923, we had decided that it would be of great advantage to us if we could make ourselves personally acquainted with the system of bounties, subsidies and such other measures as have been adopted in Japan for the encouragement of shipbuilding and the growth of a Japanese Mercantile Marine. A reference was accordingly made to the Government of India putting forward the following alternative suggestions :—

Visit of Sir John Biles to Japan.

- (a) that the whole Committee should be allowed to visit Japan some time in August ;
- (b) that failing (a) Sir John Biles should be permitted to visit Japan *en route* to India to rejoin the Committee in November.

The Government of India were unable to agree to the whole Committee visiting Japan but obtained the sanction of the Secretary of State to alternative (b). Sir John Biles arrived at Yokohama on the 23rd September 1923 to find that the principal cities which he had to visit had practically been wiped out by the most appalling earthquake ever known in human history. Naturally this stupendous disaster, which affected the whole Japanese nation, greatly hampered Sir John Biles' work in Japan

but in spite of the difficulties he had to contend with, he has been able to make available to the Committee an amount of information which has been of great value to us. His account of his visit to Japan is attached as an Appendix* to this

*Appendix C. Report. We should like to take this opportunity of expressing our indebtedness to those gentlemen, whom he has mentioned in his Report as having rendered him valuable assistance, and to request that our thanks may be conveyed to them by the Government of India through the British Embassy in Tokio.

6. Leaving Madras on the 21st January 1924, we met again at Delhi on the 5th February for the purpose of considering our recommendations.

7. We wish to place on record our high appreciation of the Services of the Secretary. Our labours have been greatly lightened by the zeal and ability displayed by Mr. J. H. Green and by the keen interest in the work he has shown throughout. He prepared most valuable notes and obtained much important information on the subjects which came under the terms of our reference. His readiness and ability to anticipate our requirements have been most marked. He has been of the greatest assistance to us in the preparation of our Report, and we were most fortunate in having his services placed at our disposal by Government.

CHAPTER II.

Training of Indian Executive Officers and Engineers for the Mercantile Marine.

EXECUTIVE OFFICERS.

8. We cannot do better than reproduce here the following extract from the English Public Schools' Year Book with which we thoroughly agree :—

“ In considering the Merchant Service as a career for boys it must at once be stated that the scholastic and technical requirements of the profession are such as to render imperative preliminary training if a youth aspires to command. The enormous growth in the size of modern steamers, the great advance made in marine science generally, the application of modern invention to all that appertains to life afloat, which has, to some extent, displaced manual labour, call for a wide range of knowledge which can only be assimilated when a boy is at an early age and has opportunities of studying denied to one going direct to sea.”

We propose to deal first with the question of the training of the executive or deck officers and subsequently with the training of engineers. In our opinion no scheme for the ultimate formation of an Indian Mercantile Marine would be complete unless it also provides both for the training and future employment of the officers. In Great Britain the officers of the Mercantile Marine are drawn chiefly from the middle classes. We are of opinion that it is necessary that a somewhat similar method of recruitment should also hold good in India if a thoroughly efficient sea service is to be created. (There is already living along the shores of India a large sea-faring community, who furnish the lascar crews of all the coasting steamers and most of the ocean going steamers trading with India and we have been told by R. I. M. Officers, Port Officers and Agents of Shipping Companies that they make thoroughly efficient and reliable sailors. We see no reason why the sons of these men should not be encouraged to aspire to become officers in the Mercantile Marine, provided they possess the necessary education, especially as we understand that some of them are already sufficiently educated to enter the legal, medical and other learned professions.) There are no facilities in India at present, such as exist in Great Britain, enabling suitably educated lads,

who may be desirous of becoming officers in the Mercantile Marine, to obtain the necessary sea experience and nautical training and education. In our examination of witnesses, we made a point of endeavouring to find out if any considerable number of the youths of this country were likely to be desirous of following the sea in the capacity of officers in the event of the necessary training facilities being provided for them. Certain witnesses, who frequently come in contact with the sea-faring community, have told us that they are not aware of a single instance of an Indian lad of good family and education offering himself as an apprentice to the sea and that in view of the fact that Indians of the better classes appeared to lack the instinct or spirit of the sea, which is more or less inborn in British lads, it appeared to them doubtful if a sufficient number of suitable Indian candidates would be forthcoming to make it worth while to embark on any large scheme of training. Some of these witnesses feared that, even if Indians started their apprenticeship, they would not stick to the sea after they find out that it is a life having many hardships and few amenities. Many witnesses on the other hand have assured us that there will be no dearth of suitable Indian candidates coming forward for training if the necessary facilities are provided and that the reason why they have not come forward in the past is that they have hitherto been given little or no encouragement to take to a sea-faring life; and that even if they served their apprenticeship there was practically no prospect of their obtaining employment after completing their training. We consider that there is a good deal of force in this argument as we have ascertained in the course of our enquiries that, with one or two exceptions, steamship companies in India were not anxious to take Indian apprentices on board their steamers. The result has been that the few Indian lads, who have actually applied to be taken to sea as apprentices, were not accepted. We have also been told by other witnesses that one serious obstacle to the training of Indians for a sea life is on account of caste prejudices and the difficulties which must arise in the confined space available for accommodation in ships, especially cargo ships, if it is considered necessary to provide separate living and messing arrangements for apprentices belonging to different sects or communities. We have been assured by Indian witnesses, however, that these caste prejudices are rapidly disappearing. In any case we consider it necessary to make it clear from the start that, before any scheme of training for Indians can be made a success, apprentices of all classes must be prepared to live, study and play together on board ship in the interests of that *camaraderie* and *esprit de corps* which is so essential to the creation of an efficient mercantile marine. We are not disposed to attach any weight to the other objection mentioned, *viz.*, that the hardships of a sea life are likely to deter Indian candidates from coming forward and in any case we do not think that

there is any justification for coming to a conclusion of this kind until Indians have been given a fair trial. We are of opinion, therefore, that there is good ground for believing that, provided adequate facilities for their education and training are supplied, a fair number of educated Indians of good character will offer themselves as apprentices to the sea with a view to their ultimately becoming officers in the Mercantile Marine.

9. In our terms of reference we were asked to consider the question of the creation of an adequate number of State scholarships for providing instruction to Indians in the Nautical Colleges and training ships in England, pending the formation of a Nautical College in India. We may say at once that in our opinion it should not be necessary to send Indian lads to England to undergo their nautical training. Para. 105 of the Report of Lord Lytton's Committee on Indian students states that of the training establishments in England only H. M.'s schoolship "Worcester" is prepared to admit a limited number of Indian candidates subject to certain conditions. Apart from this we consider that there are grave disadvantages in sending Indian boys several thousands of miles away from their homes to the rigorous climate of the United Kingdom at the somewhat tender age of 15 or 16 years at which it would be necessary for them to commence their training for a sea-life. We observe that Lord Lytton's Committee sympathised with the desire of Indians to render themselves eligible for appointment to the Royal Indian Marine and considered that the best way to provide for the required training of Indian students would be for Government to establish a Nautical Training ship in Indian waters with the necessary staff of instructors, etc., although they realised that this plan would involve heavy expense. We are in entire agreement with this view and consider that, if it is necessary for the Royal Indian Marine, it is even more necessary, if Indians are to qualify for the Mercantile Marine, that the necessary training facilities for them should be provided in their own country.

10. An important point for consideration is whether the training ship should be in the form of a floating establishment like H. M.'s schoolships "Conway" and "Worcester" or a nautical academy on shore like the Nautical College, Pangbourne. We have carefully weighed the merits of both schemes and have come to the conclusion that the floating establishment is to be preferred. It seems to us that, if we are to create a spirit for the sea.

in young Indians, the sooner they begin to imbibe the sea-life the better and the floating establishment will serve this purpose better than a school or college on shore.

11. Having expressed our preference for a floating establishment, it now remains to be considered whether it will be necessary to provide one or more such establishments for the purpose in view. In deciding upon the number of training institutions to be provided three considerations should be borne in mind; firstly, that any scheme which is introduced at present must largely partake of the nature of an experiment until Indians have proved their aptitude and fitness for the sea; secondly, that although Indian witnesses are sanguine that a large number of the class of candidates required will be forthcoming, the numbers who will actually come forward when the scheme has been started is somewhat problematical; and thirdly, that the number of boys who should be accepted for training should at all events not be greatly in excess of the numbers for whom it will be possible later on to find employment after their training has been completed. The question of the employment of trained officers is dealt with in a later paragraph, but here it is only necessary to state our opinion that for some time to come (until the Indian shipping industry has been fully developed, the prospects of trained mercantile marine officers obtaining employment in this country will be somewhat limited.) After taking these three factors into consideration we have come to the conclusion that it will be best in the beginning to provide for the training of not more than 50 cadets per annum and for this number we consider that one training hulk will be sufficient, to which a small tender should be attached in which the senior boys can be taken for cruises around the coast of India and Burma to visit the principal ports.

12. The location of the floating establishment is a matter of great importance. Several witnesses have advocated placing one of these establishments at each of the big ports; others have stated that at least two are necessary. We have given reasons in the preceding paragraph why it does not appear to us to be necessary to provide more than one training ship or hulk at present. In choosing the port where this training ship should be located, we think it is necessary to select a port where the boys will continuously be in sight of the blue sea, where communication with the shore will mean real boat work, and where all kinds and classes of ships of various nationalities, who will be trading between ports the world over, will frequently pass in the course of their business close to the training ship. A further consideration to be borne in mind is that

the port selected should possess large modern docks with up-to-date machinery for the discharge and shipment of cargoes close at hand. Thus a steady course of automatic instruction in and familiarity with affairs nautical will gradually be absorbed by the boys. Of all the ports in India, Bombay appears to us to possess all these advantages in a peculiar degree and has the additional advantage of having a fairly equable climate. We consider Bombay, therefore, to be the most suitable in every way and we recommend that it should be decided upon as the location of the training ship and tender which we recommend should be provided for the present.

13. We suggest that the curriculum of training on the training ship proposed should be similar to Curriculum of training. that in vogue in the English training establishments, which is a sound general and mathematical education in addition to one in the practice and art of navigation and seamanship. A sound general education, apart from being necessary for the profession of the sea, prevents a boy from falling behind his contemporaries on shore, so that should he for any reason give up the idea of a profession at sea, he will not be placed at a disadvantage when seeking employment in other walks of life. In this connection we would like to quote the following extracts from the prospectuses issued by :—

(1) The Nautical College, Pangbourne, and

(2) The South Africa Training Ship "General Botha"; which illustrate the advantages of a combined curriculum, including a vocational as well as a general education, for boys undergoing a nautical training :—

(1) "If a boy is physically sound and attracted by the sea, the decision to send him to a training establishment should be made early. Many parents hesitate to allow their sons at the age of 13 or 14 to adopt the sea as a profession, because the boy may change his mind only to find that his qualifications have suffered from a too vocational education. This contingency has been anticipated by the Committee of the Nautical College by offering a carefully balanced curriculum which includes an adequate proportion of general school subjects to the standard of the School Leaving Certificate as set by the Universities.

"It should be noted that much of the strictly nautical training is of a nature valuable for any career. For instance, there can be few methods of cultivating quick observation, accurate memory, prompt and decisive application of knowledge, which can surpass a course in Signalling.

“ Thus the final decision need not be reached until the conclusion of the preliminary training and provision is made for the boy who may finally elect to enter general professional life, while he has the advantage of that broadened outlook which he has acquired by association with those whose destiny is the sea.”

- (2) “ Without a thorough and complete training in and knowledge of discipline himself, he can never be in a position to impose it upon others. To a Commander of a ship entrusted with human life and great financial responsibility, discipline is a real factor in his work; in fact, it is as much a subject of his educational syllabus as any ordinary subject of education is to a shore-going scholar preparing for a non-nautical appointment.”

Very strict discipline must be maintained on board the training ship and the mind of every boy must be imbued with the idea that the sea is an arduous and trying life involving great responsibilities and is devoid of many of the comforts and amenities of a life on shore. This idea must be cheerfully accepted by the boys if they are to become efficient and capable sea officers.

14. The period of training in the training ship should be for two years and the Board of Trade should be asked to agree that these two years, provided the Cadet obtains a qualifying certificate, shall count as one year's sea time as is done in the case of the cadets trained in any one of the English establishments.

15. We are of opinion that the Secretary of State for India in Council might be asked to extend the same facilities to selected cadets from the Indian training ship to join the Bengal Pilot Service as is at present extended to cadets from the “ Conway ”, “ Worcester ” and “ Pangbourne.”

16. We observe that before a candidate is finally accepted for the Training College, Pangbourne, he must take the common examination for entrance to public schools or, if this is impracticable, a special examination of similar standard to be set by the College authorities. For the South Africa training Ship, “ General Botha ”, a boy must have passed at least the sixth standard of education before he can be admitted. A competitive examination is also laid down for admission to the Kobe Training College in Japan. Similarly, for admission to the Indian Training Ship, all candidates should be required to sit for a special examination to be set by the authorities of the Training Ship of a standard similar to

the Middle School or Junior Cambridge examination. This examination may be held at various centres to meet the convenience of candidates in different parts of India. Before a candidate is allowed to sit for the written examination he should be required to produce a recommendation from the head of the School or College in which he has been educated, or from a magistrate or some well-known person, and a certificate of physical fitness from the Civil Surgeon of the district in which he resides. The age for joining should be not younger than 15 and not older than 17 years. Finally, a *viva voce* test should be held on board the training ship to gauge, so far as is possible, the aptitude and fitness of candidates for a sea-life. The first 30 successful candidates in the written examination should be allowed to appear for the *viva voce* test and of these the best 25 selected for admission. A knowledge of English is essential, because the translation of the standard works on navigation and seamanship into the various vernaculars which are spoken in India would be too lengthy and expensive an operation even if it was practicable.

17. The Training Ship will require an ample, sympathetic and highly specialised staff of officers and instructors, and, as the success or failure of this enterprise will largely rest with them, we lay great stress on the importance of exercising the greatest care in their selection. In addition a small crew will be necessary for sanitary and domestic duties, but the remainder of the ship's duties must be carried out by the cadets as in England.

The mental, physical and moral welfare of the cadets should be the object of the greatest care and proper allowance made for religious observances. Suitable arrangements must also be made for games and recreation generally.

18. We suggest that the two years' course in the Training ship should be divided up into four terms. Not more than 25 pupils should be admitted at the beginning of each term, the total number of admissions during the year being limited to 50. This will prevent there being too many pupils of one age and standard undergoing training and subsequently passing out of the school at precisely the same time. It will be advisable to divide the number of admissions to be made in each term among the various Provinces and States of the Indian Empire.

19. It has been suggested to us by certain witnesses that primary nautical schools should be established, so that boys may be educated for the sea from their earliest years before going into a training ship. Although this is not

Staff of officers and instructors for the training ship.

Two years' course to be divided up into four terms.

Facilities to inculcate a sea sense in Indian boys at an early age.

done in England, we are of opinion that to produce successfully a sea service it is necessary to imbue the spirit of the sea into the boys at as young an age as possible. As a step towards this end we suggest that it would be advantageous if Provincial Governments should provide in the curriculum of all schools for a study of the history of the influence of the sea on war and commerce, especially in its relation to the Empire in general and to India in particular; or to institute primary nautical schools as suggested by the witnesses. An institution of this description started and maintained by Sir Mohamed Yusuf, Kt., at Novha, Hog Island, Bombay, is a good example of this kind of school. Another suggestion which was put to us by one witness and warmly advocated by others was that, in order to inculcate the spirit and love of the sea in young Indians, about 200 of them should be selected and taken on a world-wide cruise in a sea going training ship when they would have a chance of seeing other countries and experiencing other climatic and meteorological conditions. The idea of this witness was that at the end of this cruise a fair percentage of the boys would be sufficiently imbued with the spirit of the sea to decide to follow a sea career. The proposal has its advantages and would undoubtedly be most helpful and excellent for the boys, but in our opinion it is much too costly an expedient to be deserving of serious consideration.

20. We observe from paragraph 265 in Chapter VII of the Eighth Quinquennial Review of the Progress of Education in India that professional colleges are, with few exceptions, Government institutions. In the Chapter on Administration (paragraph 55) it is explained further that in view of the high cost of constructing, equipping and staffing such institutions, if the qualifications of the ex-students are to receive general recognition, there is every likelihood that professional education will for many years to come remain almost entirely in Government hands. The same interest and support should be given by Government to the training of Indians for the position of officers and engineers in the mercantile marine, and as Naval Architects and Engineers for shipbuilding works. We understand that the position in regard to professional colleges in India at present is that Government provides the building and pays for its equipment and the cost of the instructional staff. For the rest it is understood that students are charged fees and in addition are expected to pay for books and, if resident, for board and lodging. The fees charged, however, bear a very small proportion to the total cost of the whole institution. We strongly recommend that the same principle of Government support should be applied to institutions which may be established for the nautical

Maintenance of the training ship by Government.

training of Indian cadets and that, to begin with, the training hulk and tender proposed by us, as well as the instructional staff required for the same, should be provided at Government expense and maintained by Government. We calculate on a rough estimate that the cost of the training hulk with tender attached, together with the cost of the instructional staff, should not exceed 3½ lakhs of rupees per annum. The fees to be charged to the students should not in any case exceed those which are ordinarily charged in other Government professional institutions. In the case of the latter, however, resident students usually pay for and make their own arrangements for food. On the training ship this arrangement will not be possible and it will, therefore, be necessary to provide the cadets with food free from the ship as is usually done in the case of all nautical training establishments. The cadets should be required to pay for books and uniforms, which latter should be simple and inexpensive.

21. In No. (5) of our terms of reference we have been asked to consider the question of the acquisition of training ships by gift from the Imperial Government or otherwise. We have already recommended that only one training ship need be provided at present. It is understood that, in the interests of economy and owing to the re-organization of the Royal Indian Marine, it has been decided to dispose of the three R. I. M. Troop ships "Dufferin" "Hardinge" and "Northbrook". Expert opinion shows that the "Dufferin" with certain alterations, which could be carried out economically in the R. I. M. Dockyard, Bombay, in about six months, would be eminently suitable and we recommend that she should be retained for conversion into the Training ship which we have suggested should be established at Bombay. The teak built motor vessel "Howard" built in Cochin and now lying in the harbour, unfinished, might, when completed, we consider, be suitable as the sea-going tender for the training ship, if the cost is not prohibitive.

22. Under the Board of Trade Regulations candidates who wish to sit for a Second Mate's Certificate must produce evidence of four years' service at sea. After having completed their time in the training ship, therefore, which will only count as one year's sea service, Indian cadets will still have to serve for three years in a Mercantile Marine ship as apprentices before they will be qualified to sit for their Board of Trade Certificates as Second Mate. In England, where ample facilities exist for the purpose, subsequent service at sea is arranged for either by the parents of

the boys or by the authorities of the training establishment when they are about to complete their preliminary training. But we ascertained in the course of our enquiries that, with one or two exceptions, Steamship Companies in India were not willing to take Indians as apprentices. We came to the conclusion, therefore, that it would be necessary by negotiation with Steamship Companies to make specific provision for the further training of Indian apprentices to enable them to put in the qualifying sea service required under Board of Trade Regulations. In a Circular letter which we addressed to the Managing Agents of the Steamship Companies noted in the margin,* we enquired if they would be prepared to accept for training on board their

- *1. The British India Steam Navigation Company.
- 2. The Asiatic Steam Navigation Company.
- 3. The Scindia Steam Navigation Company.
- 4. The Mogul Line.

vessels a certain number of Indians as apprentices from the Training Ship to be established in Indian waters, provided such apprentices have obtained a qualifying leaving certificate similar to the certificates issued by such establishments in England and that the Board of Trade agree to the proposal that this training be counted as equivalent to one year's sea time. We are glad to say that we have received a reply in the affirmative from all the companies named. We have also recommended in our scheme for Indianising the ownership of the Indian Mercantile Marine that accepting such apprentices shall be obligatory. We have, therefore, no fear that facilities will not be available for the further training of the candidates who will pass out of the training ship annually.

23. Having provided for the education and training of young Indians for a sea life, it is necessary to consider what their prospects will be of obtaining employment. In our letter to Shipping Companies referred to above, therefore, we took the opportunity of enquiring if they would be prepared to employ young Indians as officers on board their ships, provided they prove efficient and satisfactory as apprentices and successfully pass their Board of Trade qualifying examinations as Mates and Masters. To this enquiry also we have received a reply in the affirmative. We are also recommending in the scheme for Indianisation of the ownership the compulsory employment of Indians as Officers. Employment is, therefore, assured so far as the coasting trade is concerned.

24. This is a matter which we think must be considered as opportunities for study are much fewer and more difficult to obtain at sea than on shore. In the United Kingdom at all the large ports there are establishments where officers can, on payment of fees, be coached for the various examinations. These are,

Prospects of employment after completion of training.

Assistance to Officers to pass their Board of Trade Examinations.

however, private establishments which are generally run by retired Mercantile Marine Officers. It is not likely that the Indian Mercantile Marine will be large enough for some time to come to make the establishment of such private schools in this country a paying proposition. It will, therefore, be necessary for Government to assist in this matter also and we consider that the simplest and most efficient form which Government assistance might take would be to open a Nautical class in the large Government Colleges in the first class ports, and also in the Training Ship at Bombay, for the purpose of coaching officers for their Certificates of Competency as Mates and Masters.

25. Although it will not be many years before we have Indian Officers, it will be a considerable number of years before we have Officers of sufficient experience to become Masters of ships. According to the Board of Trade Regulations an Officer may pass for Mate and Master in a short period of time, but these are only qualifying examinations and years of practical experience are necessary before an Officer can be sufficiently qualified to be either Second or Chief Officer or Master of a Merchant ship. In establishing an Indian Mercantile Marine, we must be most careful not to jeopardize the success of the whole scheme by making promotions too quickly and thus putting insufficiently experienced people into the higher posts on board ship. In the beginning we consider that it will be necessary to follow the Japanese principle of employing foreigners; or non-Indians in the present case, except in the most junior posts, gradually eliminating them and replacing them by Indians as Indian Officers become competent. We consider that each young Indian Officer should serve at least one year as Fourth Officer, 2 years as Third, 3 years as Second and 5 years as Chief Officer before he can be given command of a ship; in other words, no Indian Officer with less than 11 years' service should be considered fit to take command.

ENGINEERS.

26. We have been told that a number of Indians, chiefly Parsees, are already serving as Engineers on ships and that on the whole they make efficient engineers for the positions they occupy. They are, however, mostly occupying subordinate positions, and do not as a rule rise to high positions of trust and responsibility, chiefly we are told because they lack the education required for the higher posts and also because no part of their training has been spent, as in the case of engineers in Great Britain, in large shipbuilding yards or workshops where engine construction work on a large scale is undertaken. But

witnesses, who are entitled to speak with authority on the subject, have told us that there is no reason why, given the proper selection and suitable training, Indian youths should not be found entirely suitable as engineer officers in the Mercantile Marine and in the event of a shipbuilding industry being started in India they will have those very facilities of instruction in marine engine construction which are now lacking.

27. A sufficiently practical training in Mechanical Engineering can be obtained at any one of the large workshops which we saw at Calcutta and Bombay and also at Rangoon. There are also three Government Colleges of Engineering in India at present viz., those at Sibpur (Calcutta), Poona (Bombay) and Guindy (Madras), where we understand that students can obtain a thorough grounding in Mechanical Engineering. The Principal of the College of Engineering at Poona has told us that in his College students after graduation are supposed to serve an apprenticeship of at least two years in shops and that these graduates should have sufficient knowledge to become efficient Marine Engineers if their post-graduate apprenticeships were spent partly in shipbuilding or repairing shops and partly at sea. In the Bengal Engineering College at Sibpur all students are expected to undergo practical training in workshops before obtaining their diplomas. Alternatively, students can enter workshops, while at the same time attending technical school, spending the final two years of their apprenticeship at the College. The Principal considers that students trained under either of these methods would no doubt have sufficient technical training, which would probably be of a very much higher standard than in the case of the average Marine Engineer. At all events it is significant that students who have completed their course in Mechanical and Electrical Engineering in the Sibpur College are allowed to count two-thirds of the time spent there up to a maximum limit of two years in reduction of the period of Artificer training required by the British Board of Trade from candidates presenting themselves at the examination for certificates of competency as Marine Engineers. A good training in Mechanical Engineering can also be obtained in the Victoria Jubilee Technical Institute at Matunga (Bombay). None of these institutions, however, specialise in Marine Engineering, but the Principal of the last named Institute has told us that his Board would be quite willing to extend the scope of their curriculum so as to include Marine Engineering, provided Government is prepared to defray the expense of supplying the marine engine equipment required for practical work. We received a similar assurance from the Principal of the D. J. Sind College at Karachi, where a new engineering wing has recently been opened. We see no reason

why similar facilities for a training in Marine Engineering should not also be provided at the Government Colleges of Engineering above mentioned, since the probability is that this could be done without much additional cost.

28. It is clear, therefore, that facilities can be provided in India, both in colleges and workshops, to enable any Indians of good education, who desire to go to sea as Engineer Officers, to obtain the requisite preliminary training. It will be necessary for them, however, after their preliminary training has been completed, to serve a period as Engineers without certificates at sea. We have no doubt that facilities for this purpose will be provided by the Steamship Companies who have already expressed their willingness in regard to the Deck Officers and we have arranged for this in our recommendations regarding coastal licenses.

29. Like the Deck Officers, however, Engineer Officers will, after completing their required sea time, need to be specially coached before they appear for their Board of Trade examinations. We suggest that arrangements for such further study should be made by opening special classes for the purpose in the existing Government Colleges.

30. Having successfully completed their training and passed their Board of Trade examinations, it will be necessary for Engineer Officers to find employment. This can be found in exactly the same manner as has been suggested in paragraph 23 in regard to Deck Officers. But we wish to make the same proviso in the case of Engineer Officers, viz., that after merely passing the necessary qualifying examinations, engineers of insufficient practical experience should not be given charge of the machinery of ships. It is necessary that ordinarily engineers trained in this country should serve at least six years in the junior grades and five years as Second Engineers before they can be allowed to serve as Chief Engineers of any sea-going ships. Given the facilities for training which we propose should be provided, we see no reason why, in course of time, Indians should not make as capable Engineer Officers in the Mercantile Marine as those trained elsewhere.

CHAPTER III.

Development of an Indian Mercantile Marine.

31. Judging from the tenor of the debate which took place in the Legislative Assembly on the 12th January 1922, we assumed at the outset of our enquiries that it was no part of our responsibility to examine the necessity for an Indian Mercantile Marine and that all that we were required to do was to consider what measures could usefully be taken to this end under the six heads mentioned in the Resolution, which was adopted by the Legislative Assembly and which forms our terms of reference.

32. As regards the present condition of the shipping industry in India, we have been told by one witness that at present less than 12 per cent. of the coastal trade and less than 2 per cent. of the international trade is carried in Indian bottoms. Another witness has gone so far as to say that approximately 90 per cent. of India's coastal trade and 98 per cent. of her export and import trade are served by ships which are owned by non-Indian Companies. We have not been able to ascertain how these figures have been arrived at and cannot, therefore, express any opinion as to their accuracy, but we think it is generally admitted that the proportion of the trade on the coast which is carried in ships owned by Indians is comparatively small, while the number of Indian ships which take part in the overseas trade is practically negligible. In any case we know for certain that with the exception of one or two companies, which are owned and managed by Indians, and possess small fleets, there are no other Indian Companies which possess up-to-date steam vessels capable of competing in the sea-borne trade of India with the established British shipping lines.

33. In our endeavour to find out what are the conditions which militate against the development of shipping enterprises by the people of this country, we were informed by a large majority of the witnesses who appeared before us that the absence of Indians from the shipping trade is due to the strong position occupied in that trade by the two or more existing British-owned lines which

enables them successfully to stamp out competition by rate wars, the deferred rebate system and other methods. These witnesses point to the many attempts which have been made by Indians in recent years to cut into the coastal trade and urge that their failure has been due not so much to trade slumps or other fortuitous circumstances but to the cause above mentioned. Other witnesses, on the other hand, assert that the failure of new ventures on the part of Indians has been made due not to competition from the established lines but to inexperience in the shipping trade and mismanagement on the part of the promoters. We find that as regards at least one company, which has been launched in recent years, the Directors admitted in their report that their failure was due to bad business management on the part of the original promoters, and we have little doubt that in the remaining cases which have occurred failure was in some degree due to the same cause. At the same time it is not difficult to see that the system of deferred rebates and rate wars must operate as an obstacle to the entry of new comers. These two systems have, therefore, been strenuously assailed by practically all the Indian and a few European witnesses who appeared before us, and they have strongly pressed for their removal as one of the first steps to be taken to encourage the development of an Indian Mercantile Marine. We do not propose to discuss the merits or demerits of these systems. We are suggesting in condition No. 4 of our recommendations in para. 43 that these questions should be considered by the licensing authority suggested.

34. Recognizing that the whole subject dealt with in our Questionnaire was a highly technical one, we decided to issue with it, for the benefit of those who desired to give evidence, a memorandum briefly explaining the different forms of State aid or protection afforded in other countries for the development of a national Mercantile Marine. It was hoped that this memorandum would serve as a guide to witnesses as to the particular lines on which their views and suggestions were required. Notwithstanding our efforts in this way to keep the enquiry on well defined lines, we found that in their written statements quite a number of witnesses had advocated the application to India of the whole catalogue of measures of State aid and encouragement which had been adopted in other countries. On oral examination, however, we found that those witnesses, who had given careful study to the subject, recognized the impracticability of adopting all these measures simultaneously and confined their advocacy to such measures only which they considered essential to secure the object in view. We shall now proceed to say what these measures are and what are our views in regard to each.

35. All witnesses were practically unanimous in advocating that the first step to be taken was to provide for the adequate training of Indians to become officers and engineers in the Mercantile Marine. We agree with this view and in Chapter II of this report have dealt fully with the facilities which we consider should be provided in Indian waters for the nautical training of Indians who desire to follow a sea career. While appreciating the readiness expressed by the existing lines to take Indian apprentices and to employ them as officers after they have been fully trained, we have come to the conclusion, after careful consideration, that the success of the scheme we are proposing for the training and future employment of Indian lads so trained should not be left to chance or the good will of Shipping Companies. We are, therefore, providing in our recommendations for the coastal trade that before a license is granted to any company an undertaking must be given that apprentices will be taken to the extent of at least two per ship, subject to a maximum of 60 for any one company, and that Indian officers and engineers as they become eligible will be employed up to the extent of 50 per cent. of the total number of officers and engineers employed. In this way it is hoped in course of time to bring about the complete Indianisation of the superior personnel of the coastal Mercantile Marine. The crews of these fleets are already Indian, as we have previously stated, so that it does not appear to be necessary for anything to be done at the present juncture to Indianise the crews.

36. One section of the witnesses who appeared before us feel that active assistance on the part of Government towards the creation of an Indian Mercantile Marine should stop at the provision of the training facilities and that the rest should be left to a gradual process of development by ordinary commercial methods. They point out that what Indian companies generally lack at present are proper methods of organisation and management by men with practical experience in the shipping trade. This defect it is urged will be partly removed by the scheme for the training of Indians in navigation and their employment as officers on ships and partly by such steps as it may be necessary to take to develop an experienced staff for management. The Indian companies which will be formed in future will thus not suffer from lack of experienced officers and managers and will, therefore, be in a strong position to face competition and establish themselves in the trade. The witnesses, who take this view, refer to the case of at least one Indian company which has fought its way into the Conference without any State aid or encouragement and they see no reason why

other Indian companies should not be equally successful, provided they have good financial backing, and are properly managed. These witnesses are, therefore, averse to any further assistance being given in the form of the reservation of the coastal trade to Indian owned ships, because they feel that a policy of restriction or exclusion will not be to the advantage of the country as a whole. They point out that there has been no complaint regarding either the efficiency or adequacy of the services offered by existing shipping lines and consider that it would be a mistake to substitute for them an agency, the efficiency of which is problematical and in any case has yet to be proved. They point to the action which has been taken in Australia to place restrictions on the coasting trade with the result that freights have risen to the detriment of Australian trade, necessitating the appointment of a Committee, which is sitting at present, to examine the coastal trading provisions of the Australian Navigation Act. They are apprehensive that the same result will follow in India if a policy of reservation is decided upon. If reservation is to be introduced at all they suggest that it should be confined to the exclusion of foreign ships only, but they strongly favour the policy of the open door as being the most beneficial to the welfare of India as a whole. This is one side of the question.

37. The other side of the question has been presented to us by another section of witnesses who have given evidence. Their view is that if, as they understand, the object of this enquiry is to bring an Indian Mercantile Marine into being within a reasonable period of time, then it is not enough merely to provide for the training and the Indianisation of the personnel of the fleet and that in addition it is necessary to provide for the Indianisation of the ownership and management of the ships at the same time. In other words, they feel that it is not sufficient for Government to assist Indians only to man ships and that in addition they should be given facilities to own and manage them and that the two things should progress side by side. They point out that it is practically impossible under present conditions for Indian companies to gain a footing in the trade and do not consider that this view is controverted by the fact that one Indian company has succeeded in fighting its way into the Conference. That company, as they observe, was only successful after a protracted struggle involving heavy losses which other companies with limited resources at their disposal cannot afford to face. It was alleged that the present British shipping lines to a certain extent neglect the small ports on the coast and at Madras we were told of an instance in which a shipping company and a railway

Other witnesses unable to agree that training facilities are enough and press for the reservation of the coastal trade for ships owned and managed by Indians.

company had entered into a contract with a view to attracting trade to a particular port. It was urged that such combinations are prejudicial to the development of the small ports to which, it was claimed, that more attention will be paid when more Indian shipping companies come into existence. They state that if direct action is taken to protect Indian shipping in the coastal trade plenty of Indian investors will be forthcoming to put up the money required to start Indian companies. It is pointed out by these witnesses that the coasting trade is the domestic preserve of the people of this country and that it is only right and proper that Indian enterprises in this trade should be especially fostered in preference to companies run by non-Indians. With this aim in view, they consider that action should be taken to secure that the coasting trade of India is gradually reserved for ships which are owned and managed and ultimately manned by the people of this country. They are averse to the policy of the open door as one which is not conducive to the growth of indigenous shipping enterprises and they do not apprehend that a policy of reservation will be followed by the adverse results described in the preceding paragraph. In any case they consider that in the interests of the Indian Mercantile Marine the risk, if any, must be faced as it has been faced by every country in the world, including a British Dominion, which has deliberately adopted the policy of reserving its coasting trade for its own people, in order to encourage the growth of a national Mercantile Marine.

38. These are the two sides to the question as they have been

View of the Committee presented to us by witnesses and we admit that something more is required beyond the provision of training facilities. that there is a good deal of force in the arguments urged on both sides. It must be stated that so far as the ports served are concerned there is no great fault to be found with the efficiency or the regularity of the services offered by the existing shipping lines and that the question of a replacement of non-Indian lines by Indian concerns does not arise so far as these grounds are concerned. But we have been directed to examine what measures can usefully be taken for the development of an Indian Mercantile Marine, and we cannot agree that the provision of training facilities alone exhausts all the necessary avenues of action which can usefully be taken in the direction indicated.

39. In other countries, which have desired to develop a national

Reservation of the Mercantile Marine, one direction in which coasting trade. action has been taken to this end has been to reserve the coasting trade for the subjects of the particular country concerned. Under the provisions of the Indian Coasting Trade Act V of 1850 the coasting trade of India is open to all comers and it is the unanimous opinion of all witnesses who have

appeared before us that this Act should now be repealed with a view to the exclusion of foreigners from the coastal trade. It is understood that this action was suggested before the war when foreign participation in the Indian coastal trade threatened to assume serious proportions. With the outbreak of War, however, foreign competition declined and the proposal was dropped apparently because it was not considered advantageous to impose restrictions on the coastal trade at a time when India sorely needed coasting ships and was only too glad to receive allied or neutral shipping in her ports. With the return of peace the position has changed and it is understood that there is now a vast amount of surplus tonnage lying at British ports for which employment cannot be found. The present is, therefore, an opportune moment to reopen the question. The coasting trade of a country is regarded universally as a domestic trade in which foreign flags cannot engage as of right but to which they may be admitted as an act of grace. It is admitted that the policy of British Dominions or Possessions in regard to their own coasting trades must be determined by their local interests and we are of opinion that in the interests of the growth of an Indian Mercantile Marine it is necessary to close the coasting trade of this country to ships belonging to the subjects of foreign nations. It may be necessary to provide that an exception should be made in favour of those foreign States which enjoy any treaty rights in respect of the Indian coasting trade (*vide* Section 736(c) of the Merchant Shipping Act, 1894), but we consider that no foreign ships should under any circumstances enjoy superior privileges to those accorded to British ships. We have not been able to determine from navigation statistics the extent of foreign participation in the coasting trade of British India but the general impression is that it is very small and that in any case it is not large enough to justify the apprehension that its disappearance is likely seriously to injure the commerce of the country. We recommend, therefore, that action should now be taken to repeal the Indian Coasting Trade Act V of 1850, subject to the exception which we have mentioned above.

40. It has already been explained that a large number of witnesses do not consider that the exclusion of foreign shipping alone goes far enough to encourage the growth of an Indian Mercantile Marine and that what is required is action to reserve the coasting trade more or less exclusively for shipping companies, the controlling interests in which are predominantly Indian. In other words, the object of these witnesses is to compel existing British Steamship lines to gradually Indianise the character of their

companies in order that they may be considered eligible to trade on the coast. It is necessary here to examine the possibility of

Possibility of excluding British ships from the Indian coasting trade.

their local interests. This is borne out by Section 736 of the Merchant Shipping Act, 1894, which confers power upon the Legislature of a British Possession, by any Act or Ordinance, to regulate its coasting trade, provided that, in such Act or Ordinance, all British ships (including the ships of any other British Possession) shall be treated in exactly the same manner as ships of the British Possession in which it is made. We find that the Common-

Action taken in Australia to reserve the coasting trade for Australian shipowners.

wealth of Australia has taken advantage of the provisions of this Section of the Merchant Shipping Act to introduce a law which has had the effect of conferring on Australian shipowners a monopoly in the Australian coasting trade. This has been done, not by excluding non-Australian ships in so many words, but by providing in the Australian Navigation Act for a system of control by means of licenses to trade on the Australian coast, which are only granted to vessels engaged in such trade under certain conditions. The conditions attached to the grant of a license for the Australian coasting trade apply to all British ships alike, but the nature of those conditions is such that they have the practical effect of automatically shutting out all except Australian owned vessels from the Australian coasting trade. It is clear, therefore, that if it is decided to take similar action in respect of the Indian coasting trade in the interests of Indian shipowners, there is nothing in the British Merchant Shipping Law, which would prevent action of this kind being taken, provided the conditions enforced are applicable to British and Indian ships alike. It is believed to be true that a Committee has been appointed to inquire into and report upon the effect of the operation of the Australian Navigation Act upon the trade, industry and development of that country and that the coastal trading provisions of the Act will form the subject of special enquiry by this Committee. Although, as before stated, one witness with recent Australian experience has said that the Act has been prejudicial to trade interests, there is no information whatever at present as to what conclusions this Committee has reached. Until the Australian Committee's Report is published it is impossible to base any conclusions on the experience alleged to have been gained in Australia of the policy of coastal reservation. At the same time it must be pointed out that the system of reserving the coastal trade has been adopted by other countries and is still continued by them. It does not follow, even if the Australian system has not

been successful, that the system we propose for the Indian coastal trade will not be a success.

41. We do not consider that it is possible to say at this stage whether the reservation of the Indian coasting trade for shipping companies, which are predominantly Indian in character, is likely to be beneficial for India or not, for the simple reason that there are no data at present on which a satisfactory conclusion can be based. In any case, it seems unfair to pronounce any adverse judgment as to the ability of Indians to run shipping companies as successfully and efficiently as the present concerns until they have been given an opportunity of owning and managing ships under more favourable conditions than those prevailing to-day. Indians have proved successful in other technical trades in which a short time back they possessed little or no practical knowledge or experience and we see no reason why, given a favourable opportunity, they should not prove equally successful in the shipping trade. The Honourable Member for Commerce stated in the Legislative Assembly on behalf of the Government that this desire on the part of the people for their own Mercantile Marine was a very natural desire. Recognising this natural desire we are of opinion that this should be met within a reasonable period of time and not in the distant future. This being so, it is our considered opinion that the provision of facilities for the training of Indian officers and engineers alone is not sufficient to meet the requirements of the case and that some further steps are required to achieve the object in view. These further steps we recommend should be in the form of the eventual reservation of the Indian coasting trade for ships the ownership and controlling interests in which are predominantly Indian. This should be done by the introduction of a system of licenses or permits as has been done in Australia, except that the conditions to be attached to the grant of a license or permit in India will be different to the conditions imposed in Australia. We recommend that it should be announced now that with effect from a date, to be fixed by Government, the privilege to engage or to take part in the coasting trade of India will be regulated by a system of licenses, the conditions of which are indicated in the paragraphs which follow.

Proposal to introduce a system of licenses in respect of the Indian coastal trade.

42. The summary of evidence goes to show that an ideal Indian Mercantile Marine may be briefly described as follows :—

Definition of an ideal Indian Mercantile Marine.

- (a) Ships to be registered in India.
- (b) Officers and crews to be Indians.

- (c) The ships to be owned by joint stock companies (public or private) registered in India with rupee capital, with a majority of Indians on the Directorate or to be owned and managed by individual Indians.
- (d) The majority of the shares in the companies to be held by Indians.
- (e) The management of the companies to be predominantly in the hands of Indians.
- (f) The ships shall be built in Indian shipyards belonging to companies constituted in a similar manner.

As an ideal to be worked up to eventually we accept the above definition but for the present we do not consider that it is capable of practical realisation in full. What we wish to provide for in our coastal trading regulations is that after a time the ownership

and controlling interests in the ship or ships for which licenses are required shall be predominantly Indian and we think that this qualification should be held to have been fulfilled if a ship conforms to the following conditions :—

- (a) That it is registered in India,
- (b) That it is owned and managed by an individual Indian or by a joint stock company (public or private) which is registered in India with rupee capital, with a majority of Indians on its Directorate and a majority of its shares held by Indians, and
- (c) That the management of such company is predominantly in the hands of Indians.

It is not possible at present to provide that the officers and crews should be completely Indian, because it will take some time under our training scheme to produce the requisite number of Indian officers and engineers, but in our coastal trading regulations which follow provision has been made for the compulsory Indianisation of the personnel. Nor is it possible at present to provide that the ships applying for licenses shall have been built in India, because no shipbuilding yards capable of constructing ocean-going steam vessels exist in this country but we hope that in course of time it will be found practicable to add both these *desiderata* to the conditions of the license, which we propose should be laid down.

43. It should be announced that on and from a certain date to be specified by Government no ship should

Conditions which should be attached to the grant of licenses to trade on the Indian coast.

be entitled to engage or take part in the coasting trade of India unless such ship has first obtained a license from the licensing

authority appointed for the purpose, subject to the following conditions :—

Condition 1.—Licenses or permits shall after the introduction of the licensing system be issued to any ship flying the British Flag, provided that it is proved to the satisfaction of the licensing authority that such ship, not being more than 25 years old, has been regularly engaged on the coasting trade during the preceding twelve months and that the Joint Stock Company (public or private) or individual by whom it is owned gives an undertaking in writing to take Indian apprentices for training subject to a minimum of 2 per ship, no line being compelled to take more than 60 apprentices all-told. Provided further that such Joint Stock Company or individual owner undertakes to employ qualified Indian officers and engineers, as they become eligible, up to the extent of at least 50 per cent. of the total number of officers and engineers employed. These licenses shall continue subject to Board of Trade Regulations until the ship has reached the age of 25 years, provided the conditions set forth above are being complied with.

Condition 2.—All ships hereafter seeking to enter the coastal trade can only obtain licenses on their complying with such conditions as may be laid down by Government for Indian Shipping concerns; provided also that the owners of all such ships are likewise required to give an undertaking on the lines indicated in Condition 1 regarding the employment of Indian apprentices and the gradual Indianisation of their officers and engineers.

Condition 3.—The licensing authority may be given discretion to waive all or any of these conditions during exceptional periods of stress such as trade booms, famines, war, etc., and to issue permits to any ship flying the British Flag to cover such periods as he may consider requisite.

Condition 4.—The licensing authority may also be vested with power to take such steps, with the approval of the Government of India, as may be considered advisable to deal with deferred rebates, rate wars, or any other conditions which act unduly as a restraint on trade.

Condition 5.—Provision should be made that, where by treaty made before the 13th May 1869, Her late Majesty Queen Victoria agreed to grant to any ships of a foreign State such rights or privileges in respect of the coasting trade of British India, those rights and privileges shall be enjoyed by those ships for so long as Her Majesty agreed or His Majesty the King may hereafter agree to grant them. This, however, should be subject to the proviso that no foreign ships should under any circumstances enjoy superior privileges to those accorded to British ships.

Column 6.—For the purpose of these regulations "Coasting trade" may be deemed to mean trade exclusively carried on between any port or ports in British India and any port or ports or place on the Continent of India (including Burma).

These, broadly speaking, are the conditions which in our opinion should be imposed under the licensing system which we recommend should be introduced on the coasting trade of India.

44. It has occurred to us that it would facilitate the growth of an Indian Mercantile Marine if, in combination with the licensing system which has been proposed above, arrangements could be made for the Government of India, by means of a loan, to purchase one of the existing British lines operating on the coast as a going concern and appoint Directors to control it, a majority of whom should be Indians. The present management should be retained until such time as there are sufficient Indians available with the necessary experience to undertake complete management. The ownership of the vessels in this line should be transferred by sale from time to time to approved Indian owners with a view to the above concern ultimately being placed in the hands of Indian companies. Such an arrangement would furnish an immediate opportunity for Indians to extend the Indian Mercantile Marine with a ready made fleet of proved efficiency and as the existing management would be retained it would have a definite commercial value offering a fairly safe return for the capital invested in its purchase. The possession of such a fleet of ships of the approved type would provide also immediate opportunities for the training of Indian apprentices and the employment of Indian officers, as well as opportunities for the training of Indians in the business management of shipping concerns by European shipping experts. We have not sounded any of the existing British owned lines as to whether they would be willing to sell out but we think it is not unlikely, under the changed conditions which, if approved

by Government, the reservation of the coastal trade on the lines indicated will bring about, that one or more of these companies might be willing to consider the matter if a suitable offer is made to them. In our opinion this proposition is a feasible one, provided it is combined with the licensing system which we have recommended, and we commend it as worthy of serious consideration by the Government of India.

45. In their evidence quite a large number of witnesses have recommended that, in addition to the reservation of the coastal trade for Indian shipping companies, such companies should also be given navigation bounties, cheap Government loans, State guarantee of interest on capital and other forms of financial aid which have been given in other countries simultaneously with the reservation of the coastal trade for their own subjects. In our opinion the reservation of the coastal trade in the manner which we have indicated will confer a substantial advantage upon Indian shipowners, and we see no justification for the grant of any other forms of State aid. We recommend, however, that at some future date, as soon as a sufficient number of trained Indian officers and engineers are available and Indian shipowners have proved efficient in managing and running coastal steamers, the question of granting navigation bounties to purely Indian shipping companies in respect of overseas trade to other countries should be favourably considered.

46. A question may be raised whether the recommendations we have made in respect of the ownership of vessels to be licensed for the Coastal trade are consistent with section 736 (b) of the British Merchant Shipping Act of 1894 which limits the power of the Legislature of a British Possession in the matter of the regulation of its coasting trade by the condition that all British ships (including the ships of any other British Possession) shall be treated in exactly the same manner as the ships of the British Possession concerned. In requiring predominant Indian ownership for British ships as in the case of Indian ships, we do not think that the principle of that section is violated. This requirement applies to both classes of ships and in stipulating for a predominant Indian share in the management and controlling interests of British ships operating in the Indian coasting trade, there is certainly no evasion of the provisions of that section. But it should be so considered by the Law Officers of the Crown, we would strongly recommend that section 736 (b) of the British

Other forms of State aid not recommended.

Question whether recommendations made in respect of the ownership of vessels to be licensed for the coastal trade are consistent with the provisions of Section 736 (b) of the Merchant Shipping Act, 1894.

Merchant Shipping Act should be amended. If this is not agreed to, then we recommend that, in addition to the licensing system imposing the other conditions we have suggested, namely, employment of Indian apprentices and Indian officers, a system of bounties should be resorted to to develop the Indian Mercantile Marine. The bounties should be given to all Indian owned and Indian managed ships and Mail contracts should be given only to such ships and preference should be given for the carriage of Government Stores in such ships whether on the coast or in the overseas trade. The establishment of a competent authority for the purpose of regulating the coastal shipping trade and for developing the Indian Mercantile Marine in all its branches is highly essential in order to carry out our recommendations in this matter. If the coastal trade can be reserved in the manner suggested by us, the country will be saved much expense which a system of bounties and subsidies would involve. Every effort should, therefore, be made to secure the amendment of the section of the Merchant Shipping Act referred to above if really it stands in the way of carrying out our recommendations.

47. It has always been an accepted principle that, so far as Maritime Services are concerned, the course of the post should follow as far as possible the course of trade. Consequently to secure the maximum economy in carrying mails, steamer services already in existence have been utilized for the purpose. We understand that mail subsidies are fixed by negotiation or tender based on the regularity and speed of the services and that the number of miles combined with the speed has been the determining factor in fixing the rate. In our opinion the broad principle enunciated above is sound and we see no reason to advocate any radical change. But should the licensing system we have advocated, for any reasons, not be adopted, it will be necessary to enter in all future mail contracts, in which the whole amount of the subsidy is to be paid by India, a stipulation to the effect that all suitable ships owned by such companies must take on board a number of Indian apprentices, in accordance with the limitations we have previously recommended under the licensing system.

48. In Chapter V we have dealt with the Indianisation of the Royal Indian Marine. The scheme for the nautical training of Indians which we have recommended in Chapter II will give Indian officers the requisite qualifications to enter any service for which sea experience is required and we recommend that one way of finding avenues of employment for these officers after their training has been completed should be to employ an

Indianisation of the Pilot services, the Marine Departments under local Governments and Port Trust vessels.

increasing number of them, as they become available, in services such as the Bengal and other Pilot services, the Marine Departments under local Governments and in vessels belonging to the Port Trusts, until these services also are practically Indianised.

49. We may add that some witnesses both at Calcutta and Rangoon sought to bring to our notice certain serious difficulties alleged to be felt by Indian Companies in the matter of internal river traffic and trade connected with it. We felt that we could not deal with these questions as they were outside the scope of the terms of reference to this Committee.

CHAPTER IV.

Measures for the Encouragement of Self-propelled Shipbuilding in India.

50. Only three witnesses who claimed to be shipbuilders came forward to give evidence on shipbuilding. These were non-Indians of Calcutta engaged in small yards in which no ship of more than 200 tons had been built. Two Indian witnesses claimed to be shipbuilders, but beyond recommending that subsidies should be given by the Government their evidence was not of much assistance. The non-Indian witnesses believed that it would be a long time before Indians could compete in shipbuilding with English shipbuilders.

51. We have, therefore, been compelled to form a judgment from our own observations of the shipyards which we visited, a list of which is given below :—

Bombay.—Royal Indian Marine Dockyard.

Mazagon Dock belonging to the P. and O. and British India Steam Navigation Companies.

Workshops of Messrs. Alcock Ashdown and Company.

Calcutta.—The Hooghly Docking and Engineering Company's workshops at Sulkea.

The British India Steam Navigation Company's workshops at Sulkea.

Messrs. Burn and Company's workshops at Howrah.

Messrs. John King and Company's workshops at Howrah and Sulkea.

The River Steam Navigation Company's workshops at Garden Reach.

Dockyard at Garden Reach belonging to the India General Steam Navigation and Railway Company, Ltd.

Rangoon.—The shipbuilding yard and workshops of the Irrawady Flotilla Company at Dalle.

52. The largest steel hull built in India is the s.s. " Bahdra " of 600 tons by Messrs. Burn and Company of Calcutta. The machinery for this vessel was built out of India. In all Messrs. Burn and Company have built 9 ships of a total of 2,373 tons gross which are of sufficient importance to be included in Lloyd's register of 100 tons gross and over. All the other shipbuilders whose yards we visited have built 13 ships totalling 2,915 tons gross as given in Lloyd's register for 1922-23. The number of ships of 100 tons gross and over built in the world in the ten years previous to the war is 16,975 and their total gross tonnage is 28,331,448. Thus it will be seen that the experience of shipbuilding in India is very limited as to quantity and size of ships.

53. After careful consideration, we are of opinion that Calcutta would be the best position for shipbuilding as there is more experience of it there than elsewhere, and it is near the coal and steel producing districts and the steel works of Tatanagar. If, however, steel and coal from outside India for shipbuilding purposes be admitted free of duty, Bombay and some other ports may in time compete with Calcutta as shipbuilding centres.

54. Competition with non-Indian shipbuilders is at present only practicable for small vessels. The cost of bringing out such vessels to India is a sufficiently large percentage of the price to cover the difference in the building cost between Indian-built and non-Indian built ships.

55. If an entirely self-contained condition is desired for India, it would appear to be as necessary to be able to build ships in India as it is for Indians to own ships. Shipowners, however, naturally want to buy in the cheapest market, which is not India at present, but if protection is granted to shipowners to enable them to create an Indian Mercantile Marine, it would seem to be desirable for shipbuilders to have protection to create their industry.

56. The methods proposed by witnesses to protect the shipbuilding industry are somewhat similar to those for shipping:—

1. Loans by Government.
2. Bounty of 25 per cent. of the cost of the ship.

3. Guaranteed dividends of the shipbuilding company by the Government.

4. Shipyards to be laid out and run by Government and sold by them by tender as going concerns.

One, any or all of these methods have been suggested by more or less responsible witnesses.

No. 1 is of no use by itself. Sufficient and remunerative work to employ the capital continuously and successfully must be found and as at present it is not likely to be got from outside India, it must be obtained within from Indian shipowners and the Government of India, Provincial Governments and Port Trusts. If the above conditions can be guaranteed, cheap loans might be given to a shipbuilding company up to the extent of one-third of the total paid up capital.

No. 2. We failed to get the reasons for this form of bounty either as to quality or quantity. We could get no reliable information as to the probable difference in cost between ships built in India and elsewhere and could, therefore, form no idea as to whether 25 or any other percentage was necessary to enable Indian shipbuilders to sell ships at the same price as shipbuilders of other countries. Any system of bounty should only extend to making up the difference between the minimum cost of production in India and abroad. We consider that this system would be more equitable in all ways than a fixed percentage. In any event, this difference should not exceed 25 per cent. of the price abroad. The determination of the difference will not always be easy, but the difficulty could be overcome by the establishment of a competent authority. If the fixed percentage system were adopted, it is not easy to see how an industry can be created or encouraged by allowing the seller to fix his own prices regardless of others.

No. 3 is open to the serious objection that it gives no incentive to economic production.

No. 4. By this method all the capital would have to be found by the Government, probably a crore per shipyard. The Government would have to find work for the yard and show a profit on it before the yard would be saleable. To continue to build for undetermined clients at prices in competition with the rest of the world would not be profitable. If sold at a profitable price, the increased cost of Indian-built ships above others for an Indian Mercantile Marine would be either a handicap to that marine or a drain on Government if Government made good the loss to the Indian Mercantile Marine. For the purpose of

developing an Indian Mercantile Marine the least costly way at present is to purchase the ships out of India. For the purpose of fully developing a shipbuilding industry in India, the existence of a large Indian Mercantile Marine must be assured and all ships of that mercantile marine must ultimately be built in India as well as all vessels built for the Government of India, the Provincial Governments and Port Trusts. In the latter connection it may be noted that the total number of vessels built for the Government of India and Port Trusts since 1910 is six, 100 ft. long and over, and 14 dredgers. We attach as an Appendix* to this Report a statement which gives the details of all the vessels built for India from 1910 to March 1921.

* Appendix D.

The reservation of the coasting trade to Indians on, say, 100 ships of 500,000 gross tons would necessitate the renewal of not less than five and not more than ten ships per year, that is, five for renewal and five for losses and obsolescence before being worn out. Assuming that they should all be built in India it would be necessary to have shipbuilding facilities capable of turning out ten ships in a year but commercially efficient when producing only five. The six Government and Port Trust vessels and the 14 dredgers built since 1910, seven before March 1921 and seven since, gave an average, excluding the four years of the war, of, say, two ships or dredgers per year. Hence the required shipbuilding facilities per year would be a minimum of seven and a maximum of twelve.

57. There are facilities in existence in Bombay and Calcutta for repairs of ships, which have been developed during the war, for which full employment cannot now be found. Some of these facilities could be made use of for ship and engine building though no one establishment is fully equipped at present for completely building ships and engines of the kind mentioned in the preceding paragraph.

Indian shipowners should have their own repair shops which could be developed later into efficient shipbuilding yards.

Any scheme of an Indian Mercantile Marine begun on the basis of reserving the coastal trade would necessitate repair shops at both Calcutta and Bombay. These shops might (a) be owned by shipping companies running the trade as the British India Steam Navigation Company do at present, or (b) these companies might rely on privately owned repair shops to do their work. Practically all the repair yards are controlled by non-Indians. If it is desired that the shipbuilding establishments of the future be run exclusively by Indians it would be worth while for the Indian shipowners to have their own repair shops and so plan or develop them that they should be capable of efficiently building their own ships and engines. The shipowner would pay what his ships cost him. If they cost more than what he could buy them for elsewhere, his freights

would have to be increased to make the same profit or he would have to receive a bounty. This is based on the assumption that the shipowners could agree sufficiently among themselves to have a shipyard or shipyards common to all shipowners or that some of the existing lines were taken over by an Indian company or companies together with their repair shops.

58. For some years to come it would be necessary to obtain expert assistance from non-Indians, who must be familiar with all the types of vessels to be built in the proposed shipyard. This expert assistance might come from a shipbuilding firm who might be persuaded to assist an Indian firm or it might come from a firm of consulting Naval Architects and Engineers who had been entrusted with the superintendence of the design and construction of ships and dredgers for the Government and vessels similar to those required for the Royal Indian Marine and the coasting lines.

59. Having given our best consideration to the various points set forth above, we recommend that for the present the most advantageous course to be adopted is to give construction bounties as indicated in paragraph 56. If a shipbuilding yard is projected by an Indian Company, the Government may aid that enterprise by (a) advancing a cheap loan to the extent of one-third of the paid up capital of that Company and assistance in acquiring suitable sites; (b) guaranteeing the giving of all Government and Port Trust work to this shipyard at a cost not unduly higher than the cheapest price which can be secured abroad for a similar class of work; and (c) legislating that, when such a suitable shipbuilding yard is completed and established, all ships seeking for a license on the coast should also be required to have been built in India. While agreeing with our recommendations, our colleague, the Hon'ble Mr. Lalubhai Samaldas, would prefer the Government pioneering this enterprise and establishing and maintaining a shipbuilding yard at its own cost.

60. Shipbuilding, including engine construction, is a highly developed and complex industry and among many things is dependent upon the training of shipbuilders. In Britain, even in the pre-iron stage of shipbuilding, it had its school of Naval Architecture which provided for the scientific education of Naval Architects and the technical education of the shipbuilding staff. When the era of iron ship-building commenced, it was the scientific Naval Architects of these schools who carried out this enormous change from wood to iron.

Possibilities of training suitable Indian shipbuilding staffs.

Facilities in Great Britain for the scientific education of Naval Architects and the technical education of the shipbuilding staff.

shipbuilding to a successful state and to one from which the present state has developed. In the fifties of the last century, the only schools of Naval Architecture were those associated with the Royal Dockyards. Now, wherever there is a shipbuilding port, it has its school, or schools, in which a full technical education can be obtained, and there are three Universities in each of which a Chair of Naval Architecture and Engineering is established, wherein a full scientific education in the subject can be obtained. The effect of this is that ship-designing is done by men of high scientific and technical attainments and the shipyards are continuously recruiting young men who are technically trained to take positions as draftsmen, foremen and managers.

61. India has no such schools and if such a highly developed industry as shipbuilding is to be established in this country, its start must be associated with an educational system such as exists in England. Japan and the United States are instances of this method of development. In both countries men have been sent to Britain to learn in schools and shipyards and have afterwards become teachers and leaders in the industry.

62. During the time between beginning the laying out of a shipyard and engine works and its being in full swing trained Indian mechanical engineers will have to be selected to receive a further training in shipbuilding, and marine engineering, including both theoretical and practical instruction. These could be selected during the process of building the works, so many each year. They would be drafted, for a part of their time, into the building of the shipbuilding works as it went on and would thus become familiar with the plant and its construction before it began work. The Engineering Colleges could provide all the necessary men. These men would become draftsmen, foremen, assistant managers, etc. A small special staff of instructors in Naval Architecture would be necessary in one of the colleges, preferably Calcutta. The special course of training in shipbuilding and engineering given by the special staff should be similar to that in Glasgow University. The number of specially trained students need not exceed 10 per year. If these are sufficiently trained they will train the rank and file, and the industry will go on and grow naturally, so far as personnel is concerned.

CHAPTER V.

Royal Indian Marine.

63. Clause (1) of our terms of reference invites us to state what measures can usefully be taken for the liberal recruitment of Indians as Deck or Executive Officers in the Royal Indian Marine.

64. We are given to understand that the Royal Indian Marine Service is about to be reorganised into a purely combatant force or Indian Navy. Until the constitution of such a reorganised service is definitely settled, it appears difficult for us to give any opinion as to the detailed methods to be adopted to Indianise the service.

Re-organisation of the Royal Indian Marine into a purely combatant force or Indian Navy.

Indianisation of Royal Indian Marine or Royal Indian Navy a matter of importance.

65. We, however, take the opportunity of suggesting that the Indianisation of this service, whether it remains a Royal Indian Marine or becomes a Royal Indian Navy, is a matter of importance and that the preliminary training shall take place in the suggested Training ship for the Indian Mercantile Marine in special classes. This in our opinion is the most effective and economical course for the preliminary training of such officers.

66. It is the almost unanimous desire of all Indian witnesses that the creation of an Indian Navy capable of defending the coasts, harbours and commerce of India should proceed hand in hand with the development of an Indian Mercantile Marine, and we strongly recommend to Government that the re-organisation of the Royal Indian Marine into such a service shall be undertaken with the least possible delay.

Re-organisation of the Royal Indian Marine into an Indian Navy strongly recommended.

EDWARD HEADLAM,
President.

T. RANGACHARIAR.
J. H. BILES.
LALUBHAI SAMALDAS.
*A. H. FROM.
JADU NATH ROY.

J. H. GREEN,
Secretary.

The 3rd March 1924.

* Subject to a minute of dissent.

MINUTE OF DISSENT.

I regret that I have been unable to agree with the conclusions arrived at by my colleagues as set forward in their recommendations in chapter III of this report.

Many witnesses who appeared before us stated emphatically that there were in this country large numbers of Indian lads of good education and of the right stamp who were desirous of following the sea as a profession and who would cheerfully undergo the strict training necessary for them to become Officers and Engineers in the Mercantile Marine if the proper facilities were offered them. Other witnesses expressed their doubts as to this but it appeared to the Committee that it would be only fair to offer Indian lads an opportunity of training, such as is done in other countries, and that this could be the only real test as to whether the demand for a sea-going life is a real one.

Chapter II of this report deals with a scheme for training and I am in general agreement with the views of my colleagues as expressed therein.

I have referred to this question of training as in my opinion the whole crux of our enquiry rests on the creation, if found practicable to do so, of efficient and trustworthy Indian Officers and Engineers. I cannot agree that ships owned by Indians and managed by Indians could rightly be described as belonging to an Indian Mercantile Marine so long as they were officered in both the Deck and Engine-room departments by other than Indians. It appears to me, therefore, to be entirely incorrect to put forward any scheme for establishing a so-called Indian Mercantile Marine until the first test has been made of ascertaining whether in the future it will be possible to man ships from the highest grade to the lowest with Indians entirely. Indian Crews have already proved themselves and it remains for Indian Officers and Engineers to do likewise.

Coming to chapter III, I will first examine the licensing scheme put forward in the report and I will state at the outset that I am strongly against Government control in any shape or form in connection with trade or Mercantile enterprises and more especially with shipping; the licensing system recommended at once means Government control in some form or other. I do not propose to argue here whether or no it is possible to encourage an Inland Industry by protection but the bolstering up of any Mercantile Marine by artificial means is unsound. There should be complete freedom on the seas; any

restriction in the Coastal trade of India in the shape of reservation for Indian owned ships or by any other means would surely result in an inefficient service accompanied as a corollary with high freights, due to a lack of incentive occasioned by the absence of any fear of competition.

Several witnesses in their examination before us quoted the British Mercantile Marine as an example of the beneficial effects to be obtained from legislative reservation and made reference to the old Navigation Act of 1651. It is well known, however, that these Navigation Laws were repealed in 1854 and it cannot be contended that the British Mercantile Marine experienced anything but the greatest benefit by the repeal of the Laws since the prosperity of British Shipping increased rapidly from the date of the removal of the Act from the Statute Book. An interesting historical survey on flag discrimination was drawn up a short while back by the Sea Transport Committee of the International Chamber of Commerce with a view to assist the deliberations of the Second General Conference on Communications and Transit which assembled at Geneva on the 15th November last under the auspices of the League of Nations. I attach an extract from this survey which I think will be found interesting; it will be seen that far from flourishing under the Navigation Laws the British Mercantile Marine was in danger of imminent decay due to the restrictions imposed by them.

Condition 1 of the licensing scheme provides that those ships at present trading on the Coast and flying the British flag shall be entitled to a license to continue their trade so long as they comply with certain regulations as to carrying Indian apprentices and to employing a certain percentage of Indian Officers and Engineers as they become competent. Taken by itself this condition might not appear to be objectionable, but

Condition 2 prevents the existing British-owned Companies from renewing their coastal fleet as their ships reach the age limit and in effect provides for the ultimate elimination of all British-owned (as distinct from Indian-owned) shipping on the Coast of India.

That this would prove beneficial to the Coastal Trade of India or have anything but a detrimental effect on the country's trade as a whole I cannot conceive. Several witnesses admitted that any scheme to reserve the coastal trade exclusively for Indian-owned ships might not confer any benefits upon shippers or prove of advantage to the trade, but at the same time they pressed for the establishment of an assisted Coastal Indian Mercantile Marine in order to satisfy the aspiration of those demanding an Indian Mercantile Marine. They added that India would gladly

pay the price but what authority they had for making such a statement was not produced. My opinion is that there are limitations to any sentimental preference shippers may have for tonnage and that the carriage of the trade should be left free at any rate to all British-owned ships, with which I include Indian-owned, flying the British flag.

I am in thorough agreement with those witnesses who deprecated any recommendation which would uncompromisingly squeeze out the efficient and well-proved service of the existing Shipping Lines on the Coast in order to introduce some other service the efficiency of which is at least problematical. I agree with those witnesses who have claimed that the existing British Companies on the coast have built up the coastal trade of India by perseverance, patience and the expenditure of enormous capital over a long period of years and that to seek protective legislation in order to oust them now can only be regarded as an unreasonable proposal, apart altogether from the detrimental effects which would be experienced by the trade which they have fostered, encouraged and brought into the prominent position which it holds to-day.

No one refutes the right of India, or of any of the Dominions, to have a Mercantile Marine of their own but to seek to establish these by domestic legislation against the shipping of any other part of the British Empire is much to be deprecated. In fact so much importance is attached to the freedom of shipping within the Empire that the British Merchant Shipping Act of 1894 provides against such domestic legislation.

This Act is referred to in Chapter III of the report by my colleagues who in doing so appear to have some doubt as to whether the licensing scheme recommended by them contravenes section 736 (b) of the Act and they therefore propose that if it is held that the scheme would violate the Act, a system of bounties, etc., should be adopted.

In my opinion the proposed licensing scheme, which would compel a British-owned and British-managed ship to become an Indian-owned and Indian managed ship, does contravene the Act, in as much as the former vessel is obliged to lose its identity and therefore it is not being treated in exactly the same manner as the latter, which similarity of treatment is required by the Act.

Several witnesses quoted the Commonwealth of Australia and the measures taken by that country to reserve its coastal trade. The rules introduced by Australia, however, can be adopted by any British Shipping Company should it think it worthwhile to do so and in that way presumably the British Merchant Shipping Act has been complied with. As mentioned in the report, however, the benefits accruing to Australia by the action of her Legislature appear to be extremely doubtful and a Committee is enquiring into

the whole matter at the present time. One witness who had been in Australia informed us that the trade had suffered under the imposed restrictions.

I am rather surprised at Australia being held up as an example by several witnesses to be followed by India, seeing that if many of the Shipping Lines who trade with Australia had thought fit to comply with the regulations it would have entailed the dismissal of many thousands of Indians who would have been thrown out of employment—I am referring to Indian Deck and Engine-room Crews.

The question of bounties to aid the development of an Indian Mercantile Marine has not been discussed by the Committee at any length and they have not been recommended by my colleagues except as a possible alternative in the event of the licensing scheme not being found practicable or in conformity with the British Merchant Shipping Act. It was recognised by all witnesses that bounties would entail a heavy expense on the Government of India and some witnesses further held the opinion that bounties merely represented the difference between efficiency and inefficiency. I am in agreement with both these views.

Conditions 3, 5 & 6.—I do not propose to discuss these three conditions which would appear to be necessary attachments to the proposed licensing scheme.

Condition 4.—Neither will I discuss this condition in any detail but will merely content myself with remarking that the suggestion to empower a Licensing Authority in India to deal with Deferred Rebates, etc., which have been widely discussed in most countries throughout the world and have recently been the subject of an examination by an Imperial Shipping Committee in England composed of the greatest experts, seems to me to be investing one particular body with powers which are not held by any authority within the British Empire.

I now come to the suggestion that the Government of India should, by means of a loan, arrange to purchase one of the existing British Lines operating on the Coast as a going concern and to appoint Directors to control it, the majority of whom should be Indians. It is not suggested, however, that there should be a compulsory sale of one of the British Lines but the effect of the purchase, even if such were possible, would be to establish a State-owned Line which has been tried in many other countries usually as an aftermath of the War, and in no instance has the experiment proved a success. With the examples before us I cannot support any recommendation that the Government of India should adopt the proposal. There is no reason to suppose that the Government of this country

would succeed in such a venture where others have failed. Government should leave commercial enterprises severely alone and refrain from competing in commercial pursuits. Should one of the existing Shipping Companies on the Coast be willing to sell its concern there does not appear to be anything to prevent any other party from buying it in the ordinary way of business.

In chapter III of the report a reference is aptly made to the study of shipbuilding in India as set forward in chapter IV. If a shipbuilding industry can be profitably started in India I would welcome it as I would any other industry which would afford employment to the people and assist in the prosperity of the country.

The whole question of the practicability of shipbuilding in India is a matter for experts and the Committee has been fortunate in having as one of them a notable expert in ship construction. The expense to the country, however, of establishing shipbuilding is another matter and I am not in favour of Government embarking on a costly and unremunerative scheme. The recommendations of the Committee in chapter IV will require the most careful consideration from the financial aspect.

The principles enunciated by my colleagues in the first part of the paragraph in chapter III dealing with Mail Subsidies appear to me to be sound and I concur in them. I cannot agree, however, that any extraneous conditions outside the business of carrying the Mails should be inserted in a Mail Contract. It has always been held by the British Government, as represented by the Postmaster General, that the terms of a Mail Contract should deal solely with the satisfactory and economic carriage of Postal matter and any attempt to introduce irrelevant conditions has been strenuously opposed. The Postmaster General's views are undoubtedly sound as once any precedent was created allowing the insertion in a Mail Contract of conditions not strictly applicable to the carriage of Mails it would leave the door open for pressure to be brought to bear to insert clauses bestowing benefits on outside parties to the detriment of the most economical and efficient Mail service. I cannot agree, therefore, with the recommendation that a stipulation should be inserted in any Mail Contract entered into by the Government of India, as to the composition of the personnel of the Crews of ships carrying the Mails.

Reference has been made in the report to the statement by some witnesses that the attempts made from time to time by Indian Companies to establish themselves in the Indian Coastal trade have been frustrated by action taken by existing Companies to meet their competition. It cannot, however, be argued that this is anything but usual in the ordinary course of business or that one particular trade should be singled out for Government intervention.

There is no question of the defensive action of the existing Companies on the Coast being directed against Indian Companies *qua* Indian. Similar action is taken against any new comer, of whatever nationality, seeking to cut into their established business.

The terms of reference to our Committee were "to consider what measures can usefully be taken for etc., etc.," The word "usefully" formed the subject of considerable discussion among the Committee and is dealt with by my colleagues in the opening paragraph of Chapter III. My interpretation of the word was that the Committee should consider whether India would benefit by the establishment of an Indian Mercantile Marine by means of artificial or extraneous aid. This view, however, was not shared by all my colleagues, hence it was considered by them necessary to put forward some scheme which might have the effect of starting an Indian Mercantile Marine through some agency other than that of the natural course of commercial enterprise. Having this object in view the licensing scheme detailed in Chapter III, with which I am not in agreement, was evolved.

To sum up :—While I am in favour of affording suitable Indian lads an opportunity of adopting the profession of the sea as Officers and Engineers and concur generally with the recommendations put forward in Chapter II of this report, I cannot agree with the scheme submitted in Chapter III. My objections to the scheme have been given in detail and I only wish now to reiterate my opinion that the further establishment of an Indian Mercantile Marine—by which is understood ships owned and managed by Indians—should be left to be developed by those who have a real interest in the business of shipping.

A. H. FROMM.

DELHI;

The 4th March 1924.

Appendix to Minute of Dissent.

Extract from a Historical Survey on Flag discrimination prepared by the Sea Transport Committee of the International Chamber of Commerce.

Great Britain, in repealing the Navigation Laws, was looking not only to develop her trade with other countries but to save from imminent decay her Mercantile Marine. The Maritime Commerce of the British had been sacrificed to the vicious principle of discrimination. A general sense of disquietude led to an examination by the Government into the state of the British Mercantile Marine and reports from all quarters proved that its efficiency had greatly declined " so that British shipowners feared free trade because they knew that successful competition on equal terms with foreign ships was impossible ". It was suggested that this degradation was largely due to the removal by the Navigation Laws of the incentive provided by free and open competition in the world's markets. The British Government had the courage to respond to this suggestion by repealing the Navigation Laws. There were not wanting supporters of the policy of restriction who predicted the final ruin of British shipping from its repeal. Far from being ruined however British shipping immediately improved, and this improvement was year by year increased until in 1875 the Secretary of the Board of Trade was able to draw attention to the fact that British Merchant Shipping had in the twenty years succeeding the repeal of the Navigation Laws enjoyed its due proportion of the increase in the trade of the world which followed on free trade and the use of steam.

It is a widespread misconception that the British Mercantile Marine attained its pre-eminence under a policy of flag discrimination. There is a large volume of evidence to show that under the Navigation Laws British Shipping suffered and its growth was hindered. It carried, it is true, most of the trade of the British peoples throughout the world, but producers, consumers and ship-owners were penalised. They were denied the benefit of obtaining their transport at the cheapest price of the day as fixed in keen world competition. A policy of protection is opposed to cheapness of service, and breeds inefficiency. Once the drastic step had been taken of throwing open all the ports of the British Empire to the shipping of the world, the British Mercantile Marine entered upon a period of growth and prosperity which it had never experienced before.

APPENDIX A.

Instructions to persons invited to give evidence before the Indian Mercantile Marine Committee.

The "terms of reference" to the Committee are stated in the attached memorandum*. The following questions are designed to cover the whole field of the enquiry, so far as it can be outlined at this stage. It is not, therefore, expected that each witness should necessarily answer all the questions put. It is particularly requested, however, that categorical replies should be given to each question which a witness may find himself in a position to answer and that no attempt should be made to reply to the Questionnaire as a whole in the form of a general memorandum. If a witness wishes to give his views on any points relevant to the enquiry, which have not been included in the Questionnaire, it would be convenient that such points should be dealt with in a supplementary

* Not reproduced.
 † See Evidence Vol- statement. Appendix C. † contains a brief account of the different forms of State Aid or protection given in various countries for the development of a national mercantile marine which, it is hoped, will serve as a useful guide to witnesses as to the particular lines on which their views and suggestions are required. The special attention of shipbuilding and engineering firms is drawn to the separate list of questions on the subject of shipbuilding and engineering which forms an enclosure to the Questionnaire.

2. The Committee is inviting directly or through Local Governments various associations and individuals to forward in writing their replies to the Questionnaire. The Committee will also be glad to receive replies from any Associations or individuals not so invited, who may wish to represent their views. Copies of the Questionnaire can be obtained on application to the Secretary, Indian Mercantile Marine Committee, Royal Indian Marine Dockyard, Bombay, or to the Secretary in the Marine Department of the Governments of Bombay, Bengal and Madras and the Secretary in the Commerce Department of the Government of Burma.

3. The early receipt of written replies to the questions will greatly facilitate the work of the Committee. After perusal of the replies the Committee will select the witnesses for oral examination. To give adequate time for this it is requested that replies may be despatched to the Secretary with the least possible delay.

QUESTIONNAIRE.

DEVELOPMENT OF SHIPPING INDUSTRIES.

1. What is your opinion regarding the present condition of the Shipping industry in India?
2. If you consider the situation unsatisfactory, what, in your opinion, are the conditions in India at present which militate against the development of shipping enterprises by the people of this country?

3. Can you suggest any measures to remove or mitigate existing difficulties or disabilities, without having recourse to State aid, and to encourage the people of this country to embark on shipping enterprises?

4. Are you of opinion that State aid is necessary or desirable to promote the satisfactory development of shipping industries by the people of this country?

5. If you consider State aid necessary or desirable, what method or methods do you advocate?

6. Do you advocate any legislative measures for the purpose of the satisfactory development of shipping industries by the people of this country and, if so, what should the legislative measures be?

7. Do you favour the grant of navigation bounties to vessels owned by the people of this country and on the Indian register and trading (a) between Indian ports (b) between India and ports abroad and (c) between ports outside India?

8. Would you, in the case of vessels owned by the people of this country and registered in India, restrict the grant of navigation bounties to specified routes and, if so, to what routes and state your reasons for selecting the particular routes you suggest?

9. Do you advocate any limits as to gross registered tonnage, average speed at sea and age for the aforesaid vessels to be eligible for a navigation bounty and, if so, what limits in each case?

10. If you are in favour of these bounties, what rates and limits of bounty would you advocate for the aforesaid vessels for a bounty based on gross registered tonnage, minimum average speed at sea and minimum distance run over a stated period?

11. Would you recommend any additional percentage of increased bounty for extra speed over and above the minimum average speed at sea advocated by you and, if so, what percentage on vessels engaged in trading as indicated in question No. 7 (a), (b) and (c)?

12. Do you advocate that provision should be made for the gradual reduction of the bounty after a specified term of years? If so, what percentage of reduction would you suggest and after how many years for vessels engaged in trading as indicated in question No. 7 (a), (b) and (c)?

13. Would you advocate that Navigation bounties should not be paid to vessels built outside of India unless they have been on the Indian register for a specified period of years and, if so, for what period?

14. Do you advocate that Navigation bounties should cease altogether after a specified period of years in respect of vessels built outside of India, and if so, after what period?

15. Would you advocate that all vessels receiving a Navigation bounty must take on board a certain number of Indian apprentices for purposes of training?

16. Would you exclude the employment of (a) non-British subjects and (b) non-British Indian subjects on vessels receiving a Navigation bounty except when vacancies, which it is impossible to fill, occur at a foreign port? If you advocate exclusion, would you reserve any power to the Government to make exceptions?

17. Would you advocate the cessation of Navigation bounties in the case of vessels being sold, chartered or mortgaged to non-Indians?

18. Under the provisions of the Indian Coasting Trade Act V of 1850, the coasting trade of India is open to all comers. Are you in favour of this policy or do you recommend any reservation of the Indian coasting trade for the development of an Indian Mercantile Marine, and, if so, what?

19. What, in your opinion, would be the effect of any policy of reservation on the Indian coastal trade?

20. If you advocate the reservation of the Indian coastal trade would you impose a condition that such ships should give facilities for training Indian apprentices?

21. What size and description of vessels, in your opinion, are most likely to be required for an Indian Mercantile Marine?

DEVELOPMENT OF SHIPBUILDING AND MARINE ENGINE CONSTRUCTION.

22. Do you consider that vessels required for the Indian Mercantile Marine should be built entirely in private shipyards, or do you recommend the establishment or development of Government dockyards for this purpose?

23. What is your opinion regarding the present condition of the Shipbuilding and Marine Engine construction industry in India?

24. If you consider the situation unsatisfactory, what, in your opinion, are the conditions in India at present which militate against the development of such industries by the people of this country?

25. Can you suggest any measures to remove or mitigate existing difficulties, or disabilities, without having recourse to State aid, and to encourage the people of this country to embark on such industries?

26. Are you of opinion that State aid is necessary or desirable to promote the satisfactory development of those industries by the people of this country?

27. If you consider State aid necessary or desirable, what method or methods do you advocate?

28. Do you advocate any legislative measures for the purpose of the satisfactory development of these industries by the people of this country and, if so, what should the legislative measures be?

29. Are you in favour of the grant of construction bounties to vessels built in Indian shipyards?

30. Do you advocate that construction bounties should be confined to vessels built of steel only? If so, what, in your opinion, should be the minimum gross registered tonnage of vessels built in Indian shipyards, which can be considered eligible for a construction bounty?

31. If you advocate the grant of construction bounties, what rate per ton of gross registered tonnage do you recommend should be given for the hull alone?

32. If propelling machinery also is built in India, would you advocate a bounty per actual horse power being paid to the propelling machinery builder?

33. In the case of vessels which are to receive shipbuilding bounties, do you advocate that no materials made outside of India should be used for the construction of the hull and propelling machinery or would you advocate any exceptions such as:—

- (i) Stem, stern post, rudder and rudder tiller, rudder post, quadrant, and rudder pintles.
- (ii) "A" brackets and triple screw shaft bearings.
- (iii) All stanchions not less than 7 inch diameter.
- (iv) All kinds of springs.
- (v) Corrugated and plain or flanged boiler furnaces.
- (vi) Rotor (wheel) spindle or shaft and blades for turbine engines.
- (vii) Patented articles or articles of new design made abroad.
- (viii) Windlasses, cargo winches, steering engines and gear, anchors and chains, wire ropes, hand bilge pumps, fire pumps, cabin ports, electric apparatus, steam and electric pumps, and ash ejectors.
- (ix) Steel plates, angles, forgings and castings (iron or steel)

34. If you advocate any exceptions as suggested above, do you recommend the grant of any customs concessions, and, if so, what?

35. What measures do you suggest to prevent the abuse of these concessions?

ENCOURAGEMENT OF THE CONSTRUCTION OF WOODEN SHIPS.

36. What is your opinion regarding the present condition of the Wooden Shipbuilding industry in India?

37. If you consider the situation unsatisfactory, what, in your opinion, are the conditions in India at present which militate against the further development of such industry by the people of this country?

38. Can you suggest any measures to remove or mitigate existing difficulties or disabilities, without having recourse to State aid, and to encourage the people of this country to further develop such industry?

39. Are you of opinion that State aid is necessary or desirable to promote the further development of this industry by the people of this country?

40. If you consider State aid necessary or desirable, what method or methods do you advocate?

41. Do you advocate any legislative measures for the purpose of the further development of this industry by the people of this country and, if so, what should the legislative measures be?

42. Are you in favour of the grant of construction bounties to wooden ships built in Indian shipyards?

43. Is any difficulty experienced in effecting the insurance of Indian built wooden ships and, if so, what remedial measures do you recommend?

OFFICERS FOR THE INDIAN MERCANTILE MARINE.

44. Do you consider that any considerable number of the youths of this country are likely to be desirous of following the sea in the capacity of Officers in the Mercantile Marine?
45. If so, should Government take any active steps to provide for--
- (a) their training,
 - (b) future employment, and
 - (c) facilities for further study when qualifying for Board of Trade certificates in the various grades, or would you leave these to private enterprise in India?
46. Do you advise that cadets for training should proceed direct to Preliminary training sea as apprentices or should they undergo a preliminary course of instruction in a training ship or training establishment on shore?
47. If you are in favour of preliminary training in a training ship or establishment, do you advise that this should be carried out in India, and if so do you recommend that the training ship or establishment should be provided or supported by Government?
48. If some cadets are also trained in England, do you consider that they should be expected to pay the full fees for such training, or do you advise that Government should assist by establishing a system of scholarships for the purpose? If the latter, please give your views regarding the form which these scholarships should take?
49. If the training ship or establishment should be in India, should there be one or more, and do you recommend that the maintenance charges of such institutions should be met wholly or partially by the levy of fees? If not wholly, by what means do you suggest that the maintenance charges should be met?
50. Do you advocate the establishment of a training ship or nautical college on shore?
51. Do you advocate that after undergoing their preliminary training as apprentices to the sea, the boys should serve a period of apprenticeship in steamers of the Mercantile Marine or in a sea-going training ship?
52. If the former, do you consider that shipowners are likely to accept apprentices for training, and if not, do you know what their principal objections are to doing so? Can you suggest any measures to overcome such objections and to encourage shipowners to accept apprentices?
53. If the apprentices are required to pay a premium for their apprenticeship, should Government pay the whole, or any portion of it?
54. If you recommend the provision of a sea-going training ship for apprentices, do you consider that this should be supplied and maintained by Government, or are you of opinion that it could be maintained entirely or partially by premiums and by carrying freight or Government stores?

55. Do you consider that apprentices in a sea-going training ship should be given free food, and any uniform or clothing allowance during apprenticeship?

56. Have you any views as to the curriculum of study during the period of training as a cadet and as an apprentice?

57. Do you consider that any sort of Nautical Academy or Academies should be established for the purpose of enabling Indian Mercantile Marine Officers, who have completed their apprenticeship, to undertake special studies before appearing for their Board of Trade Certificate for Mates and Masters, on the lines that now obtain in the United Kingdom?

58. If so, how many academies do you consider are likely to be required for the purpose and in which ports should they be situated? Could they be made self-supporting by fees or should they be provided and maintained wholly or partially by Government?

ENGINEERS FOR THE INDIAN MERCANTILE MARINE.

59. Do you consider that any considerable number of the youths of this country are likely to be desirous of following the sea in the capacity of Engineers in the Mercantile Marine?

60. If so, should Government take any active steps to provide for—

- (a) their training,
- (b) future employment, and
- (c) facilities for further study when qualifying for Board of Trade Certificates in the various grades or would you leave these to private enterprise in India?

61. Will you please state your views in detail as to the nature of the facilities which should be supplied by Government?

62. Do you consider that the present Engineering and Shipbuilding firms in India can give sufficient practical training to apprentices to enable them to become efficient Marine Engineers?

63. Are there any schools, colleges or institutes in the ports of India where sufficient theoretical knowledge can be obtained by apprentices to enable them to become efficient Marine Engineers, and if so, are the numbers sufficient?

RECRUITMENT OF INDIANS AS EXECUTIVE OFFICERS AND ENGINEERS IN THE ROYAL INDIAN MARINE.

The Commissioned ranks of the Royal Indian Marine both in the Executive and Engineering branches are open to Indians provided they have the necessary qualifications. These qualifications are:—

Under the rules, as they stand at present, the limits of age for appointment to the junior executive rank of the Executive Officers. Royal Indian Marine, viz., Sub-Lieutenant, are 17 and 22 years. A Board of Trade Certificate (Second Mate) is not obligatory, but in lieu thereof a candidate must produce evidence of four years' service at sea, or a course in a training ship with subsequent service at sea amounting to four years in all. Candidates must have had sea service outside the Indian Ocean. Preference is ordinarily given to candidates trained on His Majesty's School Ships "Conway"

or "Worcester" or at the Pangbourne Nautical College. If a candidate is without a Board of Trade certificate, he is appointed on probation as a midshipman for 18 months in the first instance, during which period he is required to qualify for promotion to the rank of sub-lieutenant. The candidates are selected by a Selection Board appointed by the Secretary of State for India.

The Government of India are now considering proposals for obtaining candidates for the Royal Indian Marine direct from the training ship in future, instead of from the Mercantile Marine Service, and for completing their training in India.

The "Worcester" is at present the only training establishment which is prepared to take youths from this country and that only to a limited extent. They would have to join at the age of fourteen.

The Royal Indian Marine being a small service the average entry in each year is only about four.

64. Do you consider the present arrangement adequate or would you recommend some other scheme, such as the establishment of a training ship in India for the Royal Indian Marine or a combined training ship for the Royal Indian Marine and proposed Indian Mercantile Marine? Please state your views.

The qualifications for these appointments are five years service as Engineer Officers. an apprentice in a recognised Engineering firm or Government Dockyard.

At present there are no Engineering firms or Government Dockyards which can give the necessary training in Marine Engineering as no construction work of sufficient size is undertaken.

It will be necessary, therefore, until a shipbuilding industry is instituted in India or the Royal Indian Marine Dockyard is largely developed, that candidates for Commissions in the Engineering branch of the Royal Indian Marine must be trained in Great Britain.

65. Under these circumstances, do you consider that the Government should give any facilities to enable suitable candidates to serve their apprenticeship?

GENERAL.

It has always been an accepted principle that so far as Maritime Postal Subventions. Services are concerned, the course of the post should follow as far as possible the course of trade. Consequently to secure the maximum economy in carrying mails, steamer services already in existence have been utilised for the purpose. Subsidies are fixed by negotiation or tender based on the regularity and speed of the services and the number of miles combined with the speed has been the determining factor in fixing the rate.

66. Do you accept the above or have you any other views as to how these mail contracts should be arranged?

67. What other conditions, if any, do you consider it necessary or advisable to introduce in mail contracts in the future and with what object?

68. What considerations, if any, do you wish to urge in order to give all steamship companies in India an equal chance of competing for mail contracts?

69. Do you advocate any methods of indirect aid to promote the establishment of an Indian Mercantile Marine? If so, what are they?

Indirect Aid.

70. If you have advocated direct or indirect State Aid, or assistance, what method or methods can you suggest for the purpose of raising the funds required?

Finance.

Will you give figures in support of your proposals, including the total sum involved?

For the purpose of questions Nos. 1 to 35 "Vessels" should be deemed to mean "self-propelled vessels" unless where otherwise expressly stated.

"Actual horse power" should be deemed to mean "indicated horse power" except in the case of turbine engines. In the latter case it should be "shaft horse power" plus 10 per cent.

The words "bounty" and "subsidy" have been used in the questionnaire with a strict regard to the literal meaning of these terms. Thus "bounty" should be understood to mean a free gift of money by the State for the encouragement of the shipping or shipbuilding industry, and "subsidy" a payment made by Government for the performance of a specific service such as the conveyance of mails.

SHIPBUILDING AND ENGINEERING.

1. What kind of ships or vessels do you build, wood or steel, or both?
2. What is the largest wood ship you have built?
3. What is the largest steel vessel you have built?
4. Do you build engines?
5. What is the largest engine you have built for a vessel? Give the dimensions and power.
6. Do you build boilers?
7. What are the dimensions and working pressure of the largest boiler you have built?
8. What is the area of your shipyard?
9. How many building berths have you?
10. What lengths of ship or vessel can you build and launch?
11. What number of ships or vessels of the sizes stated by you could you build per year with your present plant if the necessary contracts were secured?
12. What amount of engines and propelling machinery for the number of vessels stated above could you make?
13. If you could not make all or part of the propelling machinery and boilers, could you get it supplied quickly enough to secure the output of vessels *per annum* stated above?
14. The total tonnage of steamers of the Indian Shipping Companies and shipowners in the Ports of India is stated to be about 140,000 tons gross. Assuming that the replacement of this tonnage takes place every twenty years, what proportion of this replacement could your present plant undertake?
15. If you saw a certainty of building sufficient ships or vessels of larger size than you can now build, would you enlarge your present shipyard and plant and to what extent?
16. It has been stated that the Mercantile Marine of Japan was 491,256 tons gross in 1906, and that it increased to 841,931 tons in 1914,

showing an average increase of 43,834 tons per annum for the eight years. Suppose that the shipbuilders of India had to construct a mercantile marine at this rate, what amount of tonnage per annum would you be prepared to construct?

17. Where do you recommend the placing of a shipyard or shipyards assuming that measures were taken "for the encouragement of shipbuilding and of the growth of an Indian Mercantile Marine by a system of bounties or other measures"?

18. Can you give the Committee the approximate relative cost of vessels and machinery built in India as compared with other countries?

19. If so, will you state the relative rates paid per hour of the relative trades, and the relative amount of work produced per hour in the various countries including India?

20. Can you give the relative cost in the various countries, of the principal kinds of material that go to make a vessel and her machinery?

21. Will you give the average and maximum number of men you have employed—

(1) before 1914,

(2) between 1914 and end of 1918,

(3) since the beginning of 1919,

giving them under the various headings of staff (in detail), and of their respective trades?

22. Will you furnish statements as to the number and scope of the machines that you have in your works and supply plans of your shipyards, if you have any?

23. If you have any plans of proposed new shipyards in India, will you supply them?

APPENDIX B.

List showing the number of written statements submitted to the
-Indian Mercantile Marine Committee.

Name of Place.	Name of the witness.
Bombay	<ol style="list-style-type: none"> 1. Commander H. Morland, R.I.M., Officiating Port Officer, Bombay. 2. A. M. Green, Esq., M.A., I.C.S., Collector of Customs, Bombay. 3. Engineer Lt. Commander E. S. Berner, R.I.M., Principal Engineer and Ship Surveyor to the Government of Bombay. 4. Manmchandias Ramji, Esq., J.P., Malabar Hill, Bombay. 5. Sir Mohamed Yusuf, Kt., Sumander Mahel, Bombay. 6. Hiralal Dayabhai Nanavati, Esq., Solicitor, 80, Esplanade Road, Bombay. 7. The Scindia Steam Navigation Company, Ltd., Bombay. 8. B. F. Madon, Esq., Care of R. D. Tata and Coy., Ltd., Navsari Buildings, Bombay. 9. The Indian Merchants' Chamber, Bombay. 10. Capt. H. F. Darvell, Acting Shipping Master, Bombay. 11. L. W. H. Young, Esq., General Manager, Bombay Steam Navigation Company, Limited, Bombay. 12. Bombay Presidency Trades' Association, Ltd., Bombay. 13. F. E. Hardcastle, Esq., J.P. and Hony. Presy. Magistrate, Marine Surveyor, Bombay. 14. Bombay Port Trust, Bombay. 15. Messrs. Mackinnon Mackenzie and Coy., Ltd., Bombay. 16. Messrs. Killick Nixon and Coy., Ltd., Bombay. 17. Mr. Jivandas Pitamber of Messrs. Pitamber & Co., Bombay. 18. Messrs. Ericson and Richards, Bombay. 19. The Bombay Native Piece Goods Merchants' Association.

**List showing the number of written statements submitted to the
Indian Mercantile Marine Committee—*contd.***

Name of Place.	Name of the witness.
Bombay— <i>contd.</i>	<p>20. The Grain Merchants' Association, Bombay.</p> <p>21. Messrs. Turner Morrison & Co., Ltd., Bombay.</p> <p>22. The Chamber of Commerce, Bombay.</p> <p>23. The State Vakil, Porbandar State.</p> <p>24. The Millowners' Association, Bombay.</p> <p>25. The Ahmedabad Millowners' Association, Ahmedabad.</p> <p>26. The Dewan of the Baroda State.</p> <p>27. F. C. Annesley, Esq., Care of Messrs. Killick Nixon & Co., Bombay.</p> <p>28. The State Vakil, Junagadh State, Rajkot.</p> <p>29. A. J. Turner, Esq., J.P., B. Sc. (London), F.I.C., Principal and Secretary, Victoria Jubilee Technical Institute, Matunga, Bombay.</p> <p>30. Professor K. T. Shah, B.A., B.Sc., (Economics, London), Bar-at-law, University Professor of Economics, University of Bombay.</p> <p>31. Bombay Rice Merchants' Association, Bombay.</p> <p>32. Capt. R. Parcou, F.R.G.S., Hony. Agent, Mercantile Marine Service Association of Liverpool, Bombay.</p> <p>33. Passenger and Traffic Relief Association, Bombay.</p> <p>34. E. P. Newnham, Esq., C.I.E., Chief Constructor, R. I. M. Dockyard, Bombay.</p> <p>35. The Tukoji Powar Steam Navigation Company, Ltd., Bombay.</p> <p>36. Mr. Pruthulal Harilal Vasavada, B.A., LL.M., Advocate, Bombay.</p> <p>37. M. B. Sant, Esq., Ex-Asst. Secy., Indian Industrial Conference, Sangamner (Bombay Presidency).</p>
Sind	<p>38. Capt. H. M. Salmund, C.I.E., R.I.M., Port Officer, Karachi.</p> <p>39. Engr. Lt. Commdr. J. S. Page, R. I. M., Engineer and Ship Surveyor, Karachi.</p>

**List showing the number of written statements submitted to the
Indian Mercantile Marine Committee—contd.**

Name of Place.	Name of the witness.
Sind—contd.	40. The Port Trust, Karachi. 41. Messrs. Mackinnon Mackenzie and Coy., Karachi. 42. H. H. Hood, Esq., Chief Collector of Customs, Karachi. 43. Messrs. Forbes, Forbes, Campbell and Coy., Ltd., Karachi. 44. The Buyers and Shippers Chamber, Karachi. 45. The Karachi Indian Merchants' Association, Karachi. 46. Professor S. C. Shahani, M.A., Principal, D. J. Sind College, Karachi. 47. The Hedjaz Steam Navigation Coy., Ltd., Karachi. 48. Sir Montagu Webb, Kt., C.I.E., C.B.E., General Manager, Forbes, Forbes, Campbell and Coy., Ltd., Karachi.
Bengal	49. D. Addy, Esq., 13 Chetla Road, Alipore, Calcutta. 50. Commander P. G. Glanville, R.I.M., Offg. Port Officer, Calcutta. 51. Eng. Commdr. W. H. Waters, R. I. M., Principal Engineer and Ship Surveyor to the Government of Bengal, Calcutta. 52. S. K. Roy, Esq., of Messrs. J. C. B. K. Roy and Coy., Chittagong. 53. Central National Muhammedan Association, Calcutta. 54. The Commissioners for the Port of Chittagong. 55. Messrs. Mackinnon Mackenzie and Coy., Calcutta. 56. The Marwari Association, Calcutta. 57. The Port Officer, Chittagong. 58. Messrs. Anderson Wright and Coy., Calcutta. 59. East Bengal Engineering Works, Cossipore. 60. Messrs. Bando and Coy., Calcutta. 61. Raja Sree Nath Roy and Bros., Managing Agents, East Bengal River Steam Service, Ltd., Calcutta.

**List showing the number of written statements submitted to the
Indian Mercantile Marine Committee—contd.**

Name of Place.	Name of the witness.
Bengal—contd.	62. Bengal National Chamber of Commerce, Calcutta.
	63. British Indian Association, Calcutta.
	64. Engr. Lt. Comdr. James Beggs, R.I.M., Engr. & Ship Surveyor, Chittagong.
	65. Indian Association, Calcutta.
	66. Marwari Chamber of Commerce, Calcutta.
	67. Indian Mining Federation, Calcutta.
	68. David S. Erulkar, Esq., B.A. (Cantab.) Bar.-at-law, Manager, Scindia Steam Navigation Coy., Ltd, Calcutta.
	69. Indian Engineering Association, Calcutta.
	70. B. K. Bomanji, Esq., Calcutta.
	71. Bengal Chamber of Commerce, Calcutta.
	72. Babu Nil Krishna Roy, Calcutta.
	73. B. C. Doogar, Esq., of Messrs. Madhulal Doogar and Coy., Calcutta.
	74. I. R. Roy, Esq., Calcutta.
	75. Indian Seamen's Union, Calcutta.
	76. Dr. P. C. Ray, Director, Bangiva Inland Steam Navigation Company, Ltd., Calcutta.
	77. N. K. Roychowdhry, Esq., of Messrs. Nolen & Chowdhry, Calcutta.
	78. British Indian Peoples' Association, Calcutta.
	Burma . . . .	79. G. S. Hardy, Esq., I.C.S., Chief Collector of Customs, Rangoon.
80. Capt A. St. C. Bowden, R.I.M., Principal Port Officer, Burma, Rangoon.	
81. Messrs. A. V. Joseph and Coy., Rangoon.	
82. The Burma Chamber of Commerce, Rangoon.	
83. The Rangoon Import Association.	

**List showing the number of written statements submitted to the
Indian Mercantile Marine Committee—contd.**

Name of Place.	Name of the witness.
<i>Burma—contd.</i>	84. The Commissioners for the Port of Rangoon. 85. The Rangoon Trades' Association. 86. Messrs. Bulloch Brothers & Coy., Ltd., Rangoon. 87. Lt. Comdr. W. G. Horley, R.I.M., Principal Engineer and Ship Surveyor to the Government of Burma, Rangoon. 88. S. N. Hazi, Esq., Manager, Scindia Steam Navigation Coy., Rangoon. 89. Ba Dun, Esq., M.L.C., of Messrs. Ba Dun & Leong, Rangoon. 90. The Burmese Chamber of Commerce, Rangoon. 91. The Burma Hardware Merchants' Association, Rangoon.
Madras	92. A. E. Boyd, Esq., Collector of Customs, Madras. 93. Commander B. Severs, R.D., R.N.R., Port Officer, Cuddalore. 94. Chairman, Port Trust, Madras. 95. M. E. Ry., Rao Behadur, V. Govindan, Avl., B.A., F.Z.S., Assistant Director of Fisheries, Calicut. 96. Lt. Comdr. F. H. Cooke, R.N.R. (Retd.), Port Officer, Calicut. 97. Lt. Comdr. L. L. Scott, R.N.R. (Retd.), Port Officer, Pamban. 98. Sir Ahmed Thamby Maricair, Kt., Negapatam. 99. The Southern India Skin and Hides Merchants Association, Madras. 100. Messrs. Binny and Coy., Madras. 101. W. L. Kelly, Esq., Port Officer, Vizagapatam. 102. W. J. Swan, Esq., Port Officer, Negapatam. 103. J. Heard White, Esq., Port Officer, Tuticorin. 104. The Cuddalore Landing and Shipping Fees Committee. 105. A. V. Narayanswamy Naidu, Esq., Vizagapatam.

**List showing the number of written statements submitted to the
Indian Mercantile Marine Committee—*concl'd.***

Name of Place.	Name of the witness.
Madras—<i>cont'd.</i>	104. L. B. Clarke, Esq., Port Officer, Cochin. 107. Cochin Landing and Shipping Dues Committee. 108. H. F. Heyerck, Esq., Port Officer, Mangalore. 109. Rao Sahib Presingu Venkata Rangayya, Masulipatam. 110. Commdr. E. H. Daughish, B.I.M., Surveyor in Charge, Marine Survey Office, Coonoor. 111. S. D. Krishna Iyengar, Esq., B.A., B.L., Madras. 112. The Chamber of Commerce, Madras. 113. Madras Piece Goods Merchants' Association, Madras. 114. The Calicut Chamber of Commerce, Calicut. 115. The Diwan of Travancore. 116. The Chief Engineer, Travancore. 117. The Principal Port Officer, Travancore. 118. The Presidency Port Officer, Madras. 119. S. Rajagopalachari Esq., P.A., Joint Secretary to the National Fund and Industrial Association, Madras. 120. A. Subbarayudu, Esq., the Southern India Chamber of Commerce, Madras.
General	121. H. A. Sams, Esq., C.I.E., I.C.S., Offg. Director General of Posts and Telegraphs. 122. John Catto, Esq., Consulting Engineer and Marine Surveyor. 123. The Mysore Chamber of Commerce, Bangalore.
United Provinces	124. The United Provinces Chamber of Commerce, Cawnpore.
Punjab	125. Dr. B. R. Dewan, Lahore. 126. The Punjab Trades' Association, Simla. 127. The Delhi Piece Goods Association, Delhi.
Ajmer-Merwara	128. Rai Sahib Munshi Chandrika Prasad Beld., Asst. Traffic Superintendent, B. B. & C. I. Railway, Ajmer.

**List of Witnesses Orally Examined by the Indian Mercantile
Marine Committee—contd.**

Name of place.	Name of the witness.	Name of the firm, Association or Chamber which he represented.
Bengal—contd.	38. D. P. Khaitan, Esq. . . .	Marwari Association, Calcutta.
	39. I. A. Clark, Esq. . . .	Messrs. Anderson Wright and Company.
	40. G. S. Thompson, Esq. . . .	East Bengal Engineering Works, Cossipore.
	41. A. Cameron, Esq., M.I.M.E. . . . Millar M. King, Esq. . . .	} Indian Engineering Association Calcutta.
	42. Maulvi Mohd. Nur-ul-Haq, Choudhry, M.A., B.L.	Central National Muhammadan Association, Calcutta.
	43. S. N. Bando, Esq. . . .	Messrs. Bando and Company.
	44. Babu Jogendra Nath Roy . . .	East Bengal River Steam Service.
	45. David S. Krulkar, Esq., Manager, Scindia Steam Navigation Co.	.....
	46. Kumar Pramathanath Roy . . .	British Indian Association.
	47. Dr. Pramathanath Fanerjee, D.Sc.	Indian Association, Calcutta.
	48. Babu Nil Krishna Roy . . .	Sonatan Nittyanundo Roy and Co. of Chittagong.
	49. R. C. Doogar, Esq., of Messrs. Madhulal Doogar and Son.	.....
	50. K. Ahmad, Esq., M.L.A. . . . M. Daud, Esq. . . .	} Indian Seamen's Union.
	51. Rai Upendra Lal Roy Bahadur	Bengal National Chamber of Commerce, Calcutta.
	Burma . . .	52. Capt. A. St. C. Rowden, R I N., Principal Port Officer, Burma, Rangoon.
53. J. W. Richardson, Esq. . . .		Burma Chamber of Commerce.
54. S. N. Hajji, Esq. F.A. (Oxon). Manager, Scindia Steam Navigation Co., Ltd.		.....
55. G. B. Campbell, Esq. . . .		Messrs. Bulloch Brothers and Company.

List of Witnesses Orally Examined by the Indian Mercantile Marine Committee—concl'd.

Name of place.	Name of the witness.	Name of the firm, Association or Chamber which he represented.
Burma— <i>concl'd.</i>	56. Lt. Comdr. W. G. Horley, R.I.W., Principal Engineer and Ship Surveyor, Rangoon.	.....
	57. Maung Ba Dun, M.L.C., Bar. at-Law.	.....
	58. A. V. Joseph, Esq.	Messrs. A. V. Joseph & Coy.
	59. Maung Tok Kyi, M.L.A.	Burmese Chamber of Commerce.
Madras	60. Comdr. R. Severs, R.D., R.N.R., Port Officer, Negapatam.	.....
	61. Sir Ahmed Thamby Maricair, Kt., Negapatam.	.....
	62. Lt. Comdr. F. H. Cooke, R.N.R.	Calicut Chamber of Commerce.
	63. Lt. Comdr. F. H. Cook, R.N.R., Port Officer, Calicut.	.....
	64. M. R. Ry. Rao Bahadur V. Govindan, Avl., B.A., Asst. Director of Fisheries (coast), Calicut.	.....
	65. M. A. Abdur Rahim Sahib and Mohd. Ismail Sahib.	Southern India Skin and Hide Merchants' Association.
	66. Capt. E. W. Huddleston, C.I.E., C.H.E., R.I.M., Presidency Port Officer, Madras.	.....
	67. Rao Sahib R. Papayya Chetty	Madras Piece Goods Merchants' Association.
	68. S. D. Krishna Ayyangar, Esq., B.A., F.L., Madras.	.....
	69. A. V. Narayanaswami Naidu, Esq., Vizagapatam.	.....
	70. L. B. Clarke, Esq., Port Officer, Cochin.	.....
	71. C. V. Chandrasekharan Ayyar, Esq., M.A. (Oxon), Travancore State.	.....
	72. Commander H. Digby-Beste, O.B.E., R.I.M.	.....

APPENDIX C.

Report on His Visit to Japan by Sir John Biles, K.C.I.E.

To
 THE PRESIDENT,
 INDIAN MERCANTILE MARINE COMMITTEE.

SIR,

I have the honour to report that in accordance with instructions received from the India Office as per their letter No. C. and R. 2361/23, dated the 26th June 1923, I left London on the 22nd August 1923 and arrived at San Francisco on the 4th September. On the 1st September the earthquake took place in Japan. This threatened to make it impossible for me to obtain the desired information. After careful consideration I refrained from asking for instructions from you as it seemed that you were hardly in a position to advise me. On the 6th September I left San Francisco having been informed that no passengers would be allowed to land at Yokohama for some time on account of the damage done to the town and the docks. Before reaching Yokohama the Captain of "President Taft" kindly got into communication with the American Consul who advised me to see the British Vice-Consul at Yokohama. After considerable search in rough weather in a small motor launch, I found the British Vice-Consul who advised me to go to Tokio which I did on the 23rd September. Notwithstanding the great destruction which had taken place in Tokio, I found that some of my Japanese friends were able and willing to help even under the distressing circumstances in which the city then was. In this connection I should like to mention particularly Baron Kondo, Admiral Asaoka, Mr. Ryoza Asano and Dr. Terajima.

On the 24th September I went to the British Embassy and found that they had sent a wireless advising me not to go to Tokio, but to go to Kobe. This message got lost somewhere in the air, but was found at Kobe a month later. The British Embassy had been destroyed by the earthquake and the members of the staff were living in

temporary buildings. On the voyage I had prepared a Questionnaire,* copy of which is attached, as I anticipated considerable difficulty in obtaining interviews with and collecting information from the people best able to give it. I asked the British Embassy to give copies of this Questionnaire to the Government of Japan and to the leading ship-owning companies, asking them to give what answers they could to the questions. I remained in Tokio until the 8th October. During that time all the people who were likely to give answers were interviewed and, as a result, the Ministry of Communications, Mr. Ryoza Asano of Asano and Company, Ltd., Mr. Imakoa of Uruga Dock Company, and Mr. Ito, the President of the Nippon Yusen Kaisha, gave full answers to the questions. I suggest that all the answers to the Questionnaire be published in the Evidence Volume of the Committee's Report. Other information

collected while there included an extract† from the British Naval Attache's Annual Report for 1922, showing the number and tonnage of the merchant steamers of Japan at the end of November 1922, with the totals for the preceding year and a statement‡ showing the number and

tonnage of ships laid up (including sailing vessels), etc. Copies of all these papers are attached.

On the 8th October I proceeded to Kobe and reported to the British Consul. I was helped with further information by Mr. Cox, Lloyd's Chief Surveyor for Japan, by Mr. Kamiya, President of the Nippon Shipowners' Association and by Mr. Yamakawa, Naval Architect of the Kawasaki Shipbuilding Company of Kobe. To Mr. Cox I am indebted for general assistance and introductions, where necessary; to Mr. Kamiya, for his translation of "the History of Ship-building in modern Japan compiled by the Ship-builders Association of Japan", from which has been written the Memorandum* of the History of Ship-building in modern Japan up to 1907 (copy enclosed); to Mr. Yamakawa I am indebted for a great deal of personal attention in showing the shipyards and Training College at Kobe, together with detailed information which he placed at my disposal on behalf of the Kawasaki Shipbuilding Company. In Kobe I visited the Kawasaki Dockyard and the Mitsu Bishi Dockyard. Both of these are large establishments, quite comparable with large yards in Great Britain and America. The Kawasaki Yard is largely employed on ship and machinery building. It has only one dry dock. The Mitsu Bishi Dock does little ship-building and is largely employed on repairs, which are mostly done on three floating docks. Full answers to the Questionnaire were given by Mr. Yamakawa of the Kawasaki Shipbuilding Company and by the President of the Mitsu Bishi Company. The Kobe Government Training College was visited and full information as to this establishment was obtained which is given in the attached summary† of information collected in Japan.

* Enclosure 3.

† Enclosure 1.

On October, the 23rd, I left Kobe and arrived at Bombay on the 18th November 1923.

I have attached tables‡ supplied me by Sir Westcote Abell, K.B.E., Chief Surveyor of Lloyd's Registry, London.

‡ Enclosure 6.

These tables show:—

- (1) Number and gross tonnage of steamships of 100 tons and upwards *owned* by Japan during the years 1890 to 1923; and
- (2) Number and gross tonnage of ships of 100 tons and upwards *launched* by Japan during the same period.

I would invite perusal of Chapter XXV on Shipping and Shipbuilding which appears in the Japan Year Book, 1923. I attach a complete summary§ which I have prepared of the information I was able to collect which, together with the other documents enclosed, will enable you and the other members of the Committee to form your own conclusions as to the history and position of Japan Shipping and Ship-building.

§ Enclosure 1.

It is suggested that the thanks of the Committee should be conveyed through the Government of India and the British Embassy in Tokio to all those who are named in this letter and to all others who assisted us.

I have the honour to be,

Sir,

Your most obedient servant,

J. H. BILES, Member,

Indian Mercantile Marine Committee.

DELHI,
15th February 1924.

Enclosure 1.

SUMMARY OF INFORMATION COLLECTED IN JAPAN.

The modern Mercantile Marine of Japan began about the year 1870 when the Mitsu Bishi Company commenced by trading between Tokio, Osaka and Kochi. In 1875, the Japanese Government bought out the American interest in the Shanghai-Yokohama trade and handed the vessels over to the Mitsu Bishi Company. In 1874 the Japanese Expedition to Formosa took place when the Mitsu Bishi Company worked for the Government 13 steamers which had been purchased abroad. In 1875 these steamers were given to the Company. In 1878, annual subsidies were granted to the Company amounting to 250,000 yen for navigation and 15,000 yen for a Marine school, for which the Company agreed to engage in the Shanghai and coastwise trade of Japan, carry mails free of cost and to give the Government the power to requisition their vessels at any time. This subsidy was granted for 15 years. Eighteen other vessels of a dissolved Company were given by the Government to the Mitsu Bishi Company who then had 35 vessels. In 1877, the Company, with the financial help of the Government, purchased 10 vessels from abroad. In 1882 the Government ordered the Mitsu Bishi Company to maintain a fleet of 22,000 tons. From 1878 to 1885 were years of severe competition between Japanese lines. In 1885 Government compelled the competing Japanese Companies to combine under the name of the Nippon Yusen Kaisha. Government first guaranteed an annual 8 per cent. dividend, but in the next year replaced this guarantee by an annual subsidy equivalent to 8 per cent. on the capital for 15 years. The company's share capital was about 11 million yen, of which Government owned one-fourth. The fleet consisted of 58 steamers of 68,724 tons and eleven sailing vessels of 4,700 tons. These were engaged on 18 regular lines. By 1892 a fifth of the shares were redeemed and new debentures issued at low rates of interest. The Company's capital then stood at about 8,800,000 yen. During this time Japanese Railways were developing and several new shipping lines were opened between 1899 and 1893. In 1864 a Company, a prototype of the present Osaka Shosen Kaisha, was formed of 10,000 tons with a capital of 1,200,000 yen and a subsidy of 50,000 yen and later in 1888 another 20,000 yen for mails. At the end of 1893 the Nippon Yusen Kaisha tonnage was about 70,000. In 1894 the Chino-Japanese War broke out and most of the Nippon Yusen Kaisha's steamers were requisitioned by Government and the coastal trade was opened to non-Japanese Companies. The Government purchased 14 steamers of 40,000 tons and the N. Y. K. bought 23 ships of 65,000 tons. At the end of the War in 1895, the tonnage of Japanese ships was 213,000 against 110,000 tons at the beginning. In 1896 the lines to Europe, Seattle and Australia started with the help of subsidies, the N. Y. K. then owning 63 ships of 126,450 tons running on 22 lines. In 1896 the Navigation Encouragement Law was passed. This was replaced by the Ocean Lines Subsidy Law in 1910. The main provisions of these laws are given in Appendix* C to our Questionnaire. By the 1896 law, subsidies may be paid to Japanese subjects, who engage in the transport of goods and passengers on vessels borne on the Japanese Register, which are the exclusive property of Japanese subjects. Subsidies were limited to vessels of not less than 1,000 tons and 10 knots speed and of less than 15 years of age. Vessels built abroad, which were 5 years old at the time of their entry on the

* See Evidence Volumes.

Japanese Register, were ineligible. Subsidies were paid at the rate of 6 annas per 1,000 nautical miles per gross ton for vessels of 1,000 tons and 10 knots speed, with 10 per cent. added for every additional 500 tons, and 20 per cent. for every additional knot, the upper limit being restricted to 6,000 tons and 17 knots. These subsidies were only applicable to vessels not more than 5 years old. For vessels above this age a deduction of 5 per cent. was made for each year. For vessels built abroad and entered on the Japanese Register subsequent to 1st October 1899, only half of the subsidy described above was given. Ship-owners had a right of appeal to the courts in case of disputes as to subsidy.

Provision was made for the training of apprentices, ranging from 2 to 4 apprentices in ships of 1,000 to 6,000 tons. Foreigners could not be employed in the offices or on the staff of the vessels without the permission of Government. Post Office officials and mail matter were to be carried free of cost. Vessels could not be mortgaged or sold within 3 years of having received a subsidy, unless some subsidy was refunded or the services could not by *force majeure* be continued or by permission of Government. The law was extended to 18 years and penalties were imposed for infraction. The Ocean Lines Subsidy Law of 1910 modified that of 1896 by limiting the period of subsidy to 5 years on four routes, the European, the North American, the South American and the Australian, and the consent of the *Diét* had to be obtained for the period and the amount of the subsidy. It was limited to vessels of not less than 3,000 tons, of 12 knots speed and of less than 15 years old. Foreign-built vessels were excluded from the subsidy except such as had been on the register for not less than 5 years, subject to the consent of Government. The maximum amount to be 12 annas per ton for every 1,000 miles travelled at 12 knots, with an increase of 10 per cent. for every additional knot, the amount being reduced by 5 per cent. per annum after 5 years; but for foreign-built vessels only half of this subsidy was given. By special agreement on a new route not opened for five years an increase of 25 per cent. could be allowed, passenger and freight rates being subject to the consent of Government. Wireless apparatus was made compulsory and officials on special duty travelled free of charge.

At present no subsidy is given for Japanese vessels trading between ports outside Japan. Subventions are given to particular lines trading between Japanese ports where a loss is sustained by fulfilling the conditions required by Government.

The mail subsidy lines in the N. Y. K. only are:—

Yokohama-London Line—

Steel vessels of not less than 5,500 tons gross and 15 knots per hour;

Kobe-Seattle Line—

Steel vessels of not less than 5,500 tons gross and 12 knots per hour;

Kobe-Hongkong Line—

Steel vessels of not less than 5,500 tons gross and 14 knots per hour;

Yokohama-Melbourne Line—

Steel vessels of not less than 5,000 tons gross and 15 knots per hour.

The subsidized ocean lines are:—

Sau Francisco	12,500—13,500 tons	18—20 knots.
South America E.	5,000—7,500 "	14—16 "
" " W.	6,000—9,700 "	13—15 "

The Coastal and near Sea Lines number 31 in all and have varying limits of tonnage between 700 to 6,000 tons and from 9 to 17 knots per hour.

It will thus be seen that under the Law of 1910 the lower limit of speed is 12 knots per hour and the subsidy was only paid to vessels less than 15 years old.

The rates of subsidies are:—

(a) Navigation subsidy to ocean services:—

Less than 50 sen per ton per 1,000 miles run at a speed of 12 knots per hour per vessel.

(b) Special subventions to particular lines:—

Each case is dealt with and the rates are so fixed that the loss may thereby be covered.

(c) Postal subventions:—

The rates are fixed from the quantity of mails carried.

About 180,000,000 yen has been paid in all for subsidies, etc.

The effect of reserving the coastal trade to Japanese vessels is small. The services are short and insignificant in volume. This reservation may be discontinued at any time if other nations adopt the same policy. Subsidized coastal lines give facilities for training apprentices at the ship-owners' expense. Whether subsidized or not, owners take on Board a certain number of apprentices at the request of the Nautical College.

The following is the summary of the Japanese vessels as at June 1922:—

(a) According to hull—

Gross tons.	Vessels.	Tons.
20—100	1,400	38,564
100—1,000	945	392,726
1,000—3,000	442	809,523
3,000—6,000	311	1,410,457
6,000—10,000	92	666,394
10,000 and over	10	117,350

(b) According to age—

Less than 15 years' old	493	1,960,866
15—25 years' old	117	390,531
More than 25 years' old	218	565,320

(c) According to speed—

12—15 knots	104	406,824
15—17 "	18	115,078
More than 17 knots	5	58,432

Development of ship-building.

Japanese ships have been built entirely in private shipyards. At present there is little or no demand for the construction of ordinary vessels. Construction is confined to vessels of special types. All shipyards have been obliged to curtail the scope of their work and in

some cases to suspend altogether. Steel and labour costs are high; there has been no reduction in wages since the War. The average wage is about Rs. 3½ per day of 8 hours, 48-hour week. It is believed that State aid is necessary to promote the ship-building industry.

The Ship-building Encouragement Law as published in 1897, suspended in 1917 and nullified in 1919 gave bounties, Rs. 18 per ton for vessels from 700 to 1,000 tons and Rs. 30 for vessels above 1,000 tons; these subsidies being altered in 1909 to Rs. 16½ and Rs. 33 per ton to vessels above 1,000 tons according to the kind and class of vessel, but regardless of their size. Bounties were also given for propelling machinery, Rs. 7½ per I. H. P., Turbine Engines H. P., being 5 per cent. more per S. H. P. In these constructions no restriction was placed on the importation of steel, but some items of construction were prohibited from importation.

It is difficult to determine the effect of these subsidies alone upon the development of the Mercantile Marine of Japan, because in 1894 a considerable impetus had been given to this development by the Sino-Japanese War. In 1893 the tonnage owned by Japan was 151,773 tons and in 1895 it had increased to 279,668 tons. In 1896, the year of the Navigation Encouragement Law, it was 334,592 and it increased up to the year 1904, the year of the Russo-Japanese War, to 668,360 tons. In 1914, the year of the Great War, it had increased to 1,708,356 tons. In the year 1919, it was 2,325,266 tons. In 1923 it was 3,604,147 tons.

The following figures have been obtained showing the subsidies actually paid under these laws during the period 1896 to 1922.

Navigation Subsidy from 1896—1922.

Year.	Amount.	Year.	Amount.
	Yen.		Yen.
1896	134,774	1910	8,869,575
1897	538,702	1911	9,671,533
1898	671,320	1912	10,158,716
1899	986,904	1913	11,376,019
1900	4,132,627	1914	9,399,625
1901	5,333,952	1915	6,591,006
1902	6,141,136	1916	6,263,638
1903	6,103,177	1917	5,608,169
1904	1,889,933	1918	4,471,816
1905	1,464,126	1919	4,261,501
1906	4,710,516	1920	6,266,996
1907	6,696,761	1921	6,120,090
1908	6,616,073	1922	6,308,179
1909	7,106,571		

Amount paid as Shipbuilding encouragement grants.

Year.	Amount.	Year.	Amount.
	Yen.		Yen.
1897	13,109	1911	614,654
1898	213,875	1912	673,364
1899	187,780	1913	998,645
1900	1,2,930	1914	1,639,942
1901	581,094	1915	1,550,782
1902	411,348	1916	3,074,739
1903	437,810	1917	5,210,913
1904	2,2,786	1918 (up to Sept.) . . .	2,49,681
1905	574,132		
1906	494,428		
1907	677,348		
1908	1,509,575		
1909	1,021,460		
1910	369,048		

NOTE.—The payment of Shipbuilding encouragement grants was abolished by Law No. 29 of July 1917.

Construction of Wooden ships.—Wood shipbuilding is confined to small vessels and junks. The latter carry coals and serve as warehouses in harbour. Large wooden vessels are not approved. No bounty is or should be paid to wooden ships. Insurance rates for wooden ships are high and in some cases insurance cannot be effected.

Officers for the Mercantile Marine.—Many youths are desirous of becoming officers or engineers, but since the War the number is decreasing, as better wages are obtainable on land. For training there are two Government Nautical Colleges, one in Tokio and one in Kobe, and 10 prefectural nautical schools throughout Japan. Successful students have generally found employment, but the slump in shipping has caused the Government to decrease the numbers of entering students.

The Government College was founded in 1917 as a private institution with a private endowment and handed over to the Japanese Government in 1920. A training ship for 120 boys is being constructed for the Kobe College. The Tokio College was destroyed in the earthquake. The Kobe College has accommodation for 480 boys, but at present only 300 are training. Admission is between the ages of 17 to 21 by competitive examination. The Government pays Rs. 37½ per month for half of the students, the remainder pay fees. Uniform is provided by Government for all. The college course covers two years

of four terms for all students. Details of the curriculum are given below:—

Navigation Course.

Morals.
 Navigation.
 Seamanship.
 Hydrographical Surveying.
 Marine Engine.
 Electric Engineering.
 Naval Architecture.
 Marine Meteorology.
 Hygiene.
 Science of Commerce.
 Marine Law.
 Commercial Geography.
 Algebra plane and spherical.
 Trigonometry, Analytical.
 Geometry, Differential and
 Integral Calculus.
 Dynamics.
 Physics.
 Chemistry.
 English.
 English, French or Malay.
 Gymnastics.
 Sailor's Work and Training.

Engineering Course.

Morals.
 Steam Engine and Boiler.
 Electrical propulsion.
 Internal Combustion Engine.
 Rigid Dynamics.
 Hydro Dynamics.
 Applied Dynamics.
 Thermo Dynamics.
 Machine Design.
 Ship Construction.
 Hygiene.
 General Law.
 Algebra, Analytical Geometry,
 Differential and Integral Cal-
 culus.
 Industrial Chemistry.
 English.
 Gymnastics.
 Workshop and Seaman's Training.

At the end of the College Course, Navigators have six months' Gunnery Course, one year in a Training ship and six months as an apprentice on a steamer. Engineers have 18 months in a workshop and one year in a Training ship. After this the students sit for the final examination at the College and, having passed, proceed to sea. After one year at sea his Chief Officer's or First Engineer's certificate is automatically granted. Formerly some cadets were trained in foreign vessels and paid their fees themselves. The ten prefectural schools are on a lower grade and their students must pass all the Board of Trade examinations before receiving their Chief Officer's or First Engineer's certificates. The cost of the Training ship is borne by Government.

No objection to taking apprentices exists on the part of the ship-owners. Apprentices are not required to pay premiums. The training ship does not carry freight. The first training ship did, but she was lost. No establishment for training mercantile officers after completion of their apprenticeship is necessary under the Japanese scheme. Sufficient practical training for engineers can be obtained in engineering works in Japan. In shipbuilding and engineering works night schools for tracers and young draughtsmen exist. For more advanced studies men go to the universities, from which shipbuilders draw their staff after two years' apprenticeship. Workmen are encouraged to go to night schools and successful ones receive from 8 annas to Re. 1 per day increase of wages. These workmen's schools are run by private enterprise, supported by the shipbuilders.

Postal Subventions.—The accepted principle of supported subventions, so far as the marine services are concerned, are agreed to by the Japanese. Theoretically all Japanese companies can compete for mail contracts, but these are practically granted to a few lines having mail steamers. There are some mail contracts with non-Japanese

steamship lines as well. Government lends money through a bank for purchasing or constructing ships. Training to seamen is mostly supported by Government.

The subsidies at present given amount to the following. These sums are paid from taxation and Government revenue:—

		Rs.
N. Y. K.	1921-22	36,09,000
O. S. K.	1921-22	33,78,000
T. K. K.	1921-22	21,48,000
South Seas	1922	5,55,000
South China	1922	2,25,000
Korea West Coast	1922	1,50,000
Dairen	1922	1,50,000
Japan Sea	1922	3,77,250
Kagoshima-Nawa	1922	90,000
China (Yangtze-Kiang)	1922	6,35,500
Hokkaido	1922	3,10,701
Shanghai	1922	5,25,000
North China	1922	1,75,500
Main Land-Hokkaido	1922	75,000
Vladivostock	1922	60,000
Bonnin Island	1922	1,50,000
Total		1,26,33,951

Enclosure 2.

THE JAPANESE MERCANTILE MARINE.

QUESTIONNAIRE.

Development of Shipping Industries.

Nota.—For the purpose of questions Nos. 1 to 29 "Vessels" should be deemed to mean "self propelled vessels" unless where otherwise expressly stated.

1. What is your opinion regarding the condition of the shipping industry in Japan in 1894?

2. Was the situation unsatisfactory and what in your opinion were the conditions in Japan in 1894, which militated against the development of shipping enterprises by the people of this country?

3. Were any measures suggested to remove or mitigate these difficulties or disabilities without having the recourse to state aid, to encourage the people of Japan to embark on shipping enterprises?

4. Are you of opinion that state aid was necessary or desirable to promote the satisfactory development of shipping industries by the people of Japan?

5. If state aid was necessary or desirable, what method or methods were adopted?

6. Do you favour the grant of bounties to the vessels owned by the people of this country, and on the Japan register and trading (a) between Japanese ports, (b) between Japan and ports abroad and (c) between ports outside Japan?

7. In the case of vessels owned by the people of Japan, and registered in Japan, do you restrict a grant of navigation bounties to specified routes, and if so, to what routes? Please give your reasons for selecting these particular routes.

8. Are there any limits as to gross registered tonnage, average speed at sea, and age for the aforesaid vessels to be eligible for a navigation bounty? What are the limits in each case?

9. In the case of these bounties, what rates and limits of bounty are there for the aforesaid vessels for a bounty based on gross registered tonnage, minimum average speed at sea, and minimum distance run over a stated period?

10. Do you give any additional percentage of increased bounty for extra speed over and above the minimum average speed at sea, and if so, what percentages on vessels engaged in trading as indicated in question No. 6 (a), (b), (c)?

11. What provisions are made for the gradual reduction of the bounty after a specified term of years? What percentage of reduction do you adopt, and after how many years for vessels engaged in trading as indicated in question No. 6 (a), (b), (c)?

12. Do you pay navigation bounties to vessels built outside Japan, unless they have been on the Japanese register for a specified period of years, and what period?

13. Do navigation bounties cease after a specified period of years in respect of vessels built outside Japan, and if so, after what period?

14. Do vessels receiving a navigation bounty take on board a certain number of apprentices for purposes of training?

15. Do you exclude the employment of non-Japanese subjects on vessels receiving a navigation bounty excepting when vacancies, which it is impossible to fill, occur at Foreign ports? If you have adopted exclusion, do you reserve any power to the Government to make exceptions?

16. Is there cessation of navigation bounties in the case of vessels being sold, chartered or mortgaged to non-Japanese?

17. What in your opinion has been the effect of the policy of reservation on the Japanese coastal trade?

18. In the reservation of the coastal trade, do you impose a condition that ships should give facilities for training Japanese apprentices?

19. What size and description of vessels are used in the Japanese Mercantile Marine?

Development of Shipbuilding.

20. Were the vessels required for the Japanese Mercantile Marine built entirely in private shipyards?

21. What is your opinion regarding the present condition of the Shipbuilding industry in Japan?

22. Was State aid necessary or desirable to promote the satisfactory development of the shipbuilding industry by the people of Japan?

23. What State aid was necessary or desirable and what method or methods were adopted?

24. Were construction bounties given to vessels built of steel only, if so, what was the minimum gross registered tonnage of vessels built in Japanese shipyards which were considered eligible for a construction bounty?

25. In the case of construction bounties, what rate per ton of gross registered tonnage was given for the hull alone?

26. If propelling machinery also was built in Japan, was a bounty, actual per horse power, paid to the propelling machinery builder?

27. In the case of vessels which are to receive shipbuilding bounties, are materials obtained outside Japan used for the construction of the hull and propelling machinery, or do you only admit certain specified materials? If so, what are the exceptions?

28. If you grant any exceptions, do you grant any customs concessions and if so, what?

29. What measures do you adopt to prevent the abuse of these concessions?

Construction of Wooden Ships.

30. What is the present condition of the wooden shipbuilding industry in Japan?

31. Are you of opinion that State aid is necessary or desirable to promote the further development of this industry by the people of Japan?

32. If you consider state aid necessary or desirable what method or methods do you advocate?

33. Are you in favour of the grant of construction bounties to wooden ships built in Japanese shipyards?

34. Is any difficulty experienced in effecting the insurance of Japanese built wooden ships?

Officers for the Mercantile Marine.

35. Is there any considerable number of the youths of Japan desirous of becoming officers of the Mercantile Marine?

36. Does the Government take any active steps to provide for:—

(a) their training,

(b) their future employment, and

(c) facilities for further studies when qualifying for Board of Trade or equivalent certificates in the various grades or do you leave these to private enterprise in Japan?

37. Do your Cadets proceed direct to sea as apprentices for training, or do they undergo a preliminary course of instructions in a ship or training establishment on shore?

38. If you were in the early stages of the development of your Mercantile Marine in favour of preliminary training in a training ship or establishment, was this carried out in Japan or did any cadets go to Europe for training? Is your Japanese training ship or establishment provided or supported by Government?

39. If some cadets were trained in Europe, did they pay the full fees for such training or did the Government assist by establishing a system of scholarships for the purpose? If the latter, what form did these scholarships take?

40. In the training ship or establishment in Japan, were the maintenance charges of such Institutions met wholly or partially by the levy of fees? If not wholly, by what means were the maintenance charges met?

41. Do you advocate the establishment of a training ship or a nautical college on shore?

42. Do you advocate that after undergoing their preliminary training, the boys should serve a period of apprenticeship in steamers of the Mercantile Marine, or do you prefer a sea-going training ship for them?

43. If the former, do your shipowners accept apprentices for training and if not, do you know what their principal objections are to doing so? Have any measures to overcome such objections and to encourage shipowners to accept apprentices been tried?

44. If the apprentices are required to pay a premium, does Government pay the whole or any portion of it?

45. If you have a sea-going training ship for apprentices, is this supplied and maintained by Government? Have you ever had a training ship maintained entirely or partially by premiums from apprentices and by carrying freight or Government stores?

46. Are your apprentices in a sea-going training ship given free food and any uniform or clothing allowance during apprenticeship?

47. What is the curriculum of study during the period of training as a cadet and as an apprentice?

48. Have you any sort of nautical academy or academies established for the purpose of enabling Mercantile Marine officers, who have completed their apprenticeship, to undertake special studies before appearing for their certificates for Mates and Masters on the lines that now obtain in England?

49. If so, how many academies are required for the purpose, and in what ports are they situated? Are they made self-supporting by fees or are they provided and maintained wholly or partially by Government?

Engineers for the Mercantile Marine.

50. Is there any considerable number of youths in this country desirous of becoming Engineers in the Mercantile Marine?

51. Does the Government take any active steps to provide for:

- (a) their training,
- (b) future employment, and
- (c) facilities for further studies when qualifying for certificates in the various grades, or do you leave these to private enterprise?

52. Did the Engineering and Shipbuilding Firms in Japan give sufficient practical training to apprentices to enable them to become efficient Marine Engineers? How long has this efficient training existed?

53. Are there any Schools or Colleges or Institutes in the ports of Japan where sufficient theoretical knowledge can be obtained by apprentices to enable them to become efficient Marine Engineers?

Postal Subventions.

It has been an accepted principle that so far as Marine Services are concerned, the course of the post should follow as far as possible the

course of trade. Consequently to secure the maximum of economy in carrying mails, steamer services already in existence have been utilised for the purpose. Subsidies are fixed by negotiation or tender based on the regularity and speed of the services and the number of miles combined with the speed has been the determining factor in fixing the rate.

54. Do you accept the above or have you any other views as to how mail contracts should be arranged?

55. Do you give all Japanese Steamship Companies an equal chance of competing for mail contracts?

56. Are there any mail contracts with non-Japanese steamship lines?

57. What are the conditions of the contracts for carrying mails in steamships?

58. Did you give any indirect aid to promote the establishment of a Mercantile Marine; if so, what was it?

59. If you have adopted direct or indirect aid or assistance, by what method or methods were the funds obtained? Will you give figures of the sums so applied?

Note.—The words "bounty" and "subsidy" have been used in the questionnaire with a strict regard to the literal meaning of these terms. Thus "bounty" should be understood to mean a free gift of money by the State for the encouragement of the shipping or shipbuilding industry and "subsidy" a payment made by the Government for the performance of a specific service such as the conveyance of mails.

Shipbuilding and Engineering.

Note.—"Horse power" should be deemed to mean "indicated horse power" except in the case of turbine engines. In the latter case it should be "shaft horse power" plus 10 per cent.

60. What kind of ships or vessels do you build, wood or steel or both?

61. What is the largest wooden-ship you have built?

62. What is the largest steel vessel you have built?

63. Do you build engines?

64. What is the largest engine you have built for a vessel? Give dimensions and power?

65. Do you build boilers?

66. What are the dimensions and working pressure of the largest boiler you have built?

67. What is the area of your shipyard?

68. How many building berths have you?

69. What lengths of ship or vessel can you build and launch?

70. What number of ships or vessels of the sizes stated by you could you build per year with your present plant if the necessary contracts were secured?

71. What amount of engines and propelling machinery for the number of vessels stated above could you make?

72. If you could make all or part of the propelling machinery and boilers, could you get it supplied quickly enough to secure the output of vessels per annum stated above?

73. Can you give the approximate relative cost of vessels and machinery built in Japan as compared with other countries?

74. If so, will you state the relative rates paid per hour of the relative trades, and the relative amount of work produced per hour in the various countries?

75. Can you give the relative cost in the various countries of the principal kinds of material that go to make a vessel and her machinery?

76. Will you give the average and maximum number of men you have employed?

- (1) Before 1914,
- (2) Between 1914 and end of 1918,
- (3) Since the beginning of 1919,

giving them under the various headings of staff (in detail) and of their respective trades.

Enclosure 3.

MEMORANDUM ON THE HISTORY OF SHIPPING AND SHIP-BUILDING IN MODERN JAPAN UP TO 1907 BY SIR JOHN BILES, K.C.I.E.

(Compiled from "The History of Shipbuilding in Modern Japan.")

The Mitsu Bishi Company was one of the first shipping concerns in Japan to achieve any measure of success. It was formed in 1873 from the wreckage of two other shipping companies founded in 1869 and 1871 respectively. The Mitsu Bishi commenced by trading between Tokio, Osaka and Kochi in competition with another Company the Nippon Yubin Joki.

In 1877 the Japanese expedition to Formosa took place, and the Japanese Government was compelled to buy thirteen steamers for transportation of troops. The Mitsu Bishi Company placed its fleet at the disposal of the Government, purchased ten other vessels for transport and also undertook to man the Government vessels.

At the conclusion of the Formosan expedition, 1878, the Japanese Government determined on a policy of subsidies to encourage and maintain the mercantile marine. In consideration of the Mitsu Bishi's services in 1877, the Government handed over to that Company the 13 vessels purchased in 1877, and granted it subsidies as follows:—

Yen 250,000 for navigation.

Yen 11,000 for a Marine School and Crew's Depôt.

These subsidies were to be granted for fifteen years and the following conditions were to be observed by the Mitsu Bishi Company:—

The Government to have power to requisition the Company's vessels at any time.

The Company to engage in the Shanghai and coastwise trade.

The Company to carry mails free of cost.

During the same month the Japanese Government handed over to the Mitsu Bishi Company twelve more vessels from another shipping concern that came to grief early in the year. Thus the Mitsu Bishi Company acquired 35 vessels, three of which were over 2,000 tons and

9 over 1,000 tons. In 1875, the Company after severe but successful competition, urged the Government to buy out the American interest in the Shanghai-Yokohama trade. This the Government did and acquired 4 vessels aggregating 7,844 tons and warehouses in Shanghai and Yokohama. Later these vessels were handed over to the Mitsu Bishi Company.

In 1876, the P. and O. Steam Navigation Company and the China Merchants S. S. Company unsuccessfully attempted to establish themselves on the Yokohama-Shanghai line.

The years 1877 to 1883 were prosperous ones for Shipping Companies. There was a scarcity of tonnage and freights rose. In 1882 the Japanese Government ordered the Mitsu Bishi Company to maintain a fleet of 22,000 tons registered to supplement lost tonnage and to fix passenger fares and freights. On account of the shipping boom new companies were formed, competition became severe and in 1883 the P. and O. again attempted to establish themselves in Japanese waters. The most powerful rival of the Mitsu Bishi Company was the Kioto Unyu. This Company was formed in July 1882 by the amalgamation of three small concerns. In January 1883 it had a capital of Yen 6 millions and owned 16 steamers and 9 sailing vessels. During the year 15 steamers were purchased in Europe, two of them of 2,500 tons each, and several were ordered in Japan. Competition was at its height in 1884, and the 3rd class passenger fare between Kobe and Yokohama fell from Yen 5.50 to Yen 1. It is estimated that in the latter half of 1884 each Company lost Yen 680,000 in cut-throat competition. In 1885 the Government stepped in and forced them to an agreement regarding passenger fares and freights. In 1885 the Mitsu Bishi Company commenced to pay back Government loans, in order to free itself from financial interference. Competition with the Kioto Unyu was resumed, and it was so keen as to threaten the stability of Japanese shipping. The Government again stepped in and ordered the two companies to amalgamate and in August of 1886 the two companies became one under the name of the Nippon Yusen Kaisha.

The newly formed Nippon Yusen Kaisha was Government controlled. The Government guaranteed an annual 8 per cent. dividend, and in return appointed the Company's Directors, made the Company into a limited liability company, reserved to itself the right of inspection of the Company's ships, and the right at any time of requisitioning any of the Company's vessels. Moreover the Company had to carry mails free, to train its seamen and to submit to Government approval all financial schemes. Of the Company's share capital of Yen 11 millions the Government held a quarter; the remainder was in the hands of the public. The Company's fleet consisted of 58 steamers (68,724 tons) and 11 sailing vessels (4,725 tons). These vessels were engaged on 18 regular lines extending to Tientsin, Chemulpo and Vladivostok in foreign waters, and to the Hokkaido ports, the east and west coast ports of Japan and the Liuchoo Islands. In 1887 the Government withdrew its guarantee of 8 per cent. dividends, and replaced it by an annual subsidy of Yen 880,000 for 15 years. At the same time the Company redeemed all its debenture bonds, Yen 1,070,000 and decided to redeem Yen 2,200,000 of its shares. By 1892 these shares were all redeemed and new debentures were issued at a low rate of interest. The Company's capital then stood at Yen 8,800,000.

With the development of Japanese railways there was an increase in the shipping trade and between 1889 and 1893 the Shanghai-Vladivostok line and the Kobe-Manila line were opened; the Korean

and North China lines were developed, and in 1893 the Kobe-Bombay line was inaugurated in conjunction with Messrs. Tata and Company. At the end of 1893 the Company had reduced the number of its steamers from 55 to 47 and increased its tonnage from 68,724 to 69,454. In 1893 the Company became a public concern and Government control was greatly reduced.

In 1894 the Chino-Japanese War broke out and the Government requisitioned most of the Company's tonnage, and 33 foreign steamers had to be chartered to maintain the Company's lines, and to maintain trade the Government was forced to open coastal shipping to non-Japanese companies. After the Chino-Japanese War the Company was involved in heavy expenses on account of repairs of the ships that were on War Service. Notwithstanding this development continued; in 1896 the lines to Europe, Seattle and Australia were inaugurated with the help of subsidies, and at the close of the year the Company owned 63 vessels of 126,450 tons running on 22 lines extending to Europe, Australia, India, and inland.

Owing to heavy expenditure for repairs and for new vessels ordered from England, the year 1897 was a poor one financially, but the Company's strength was sufficient for it to join the Conference of Shipping Firms trading on the Bombay-Kobe line, the European line and the American line. By 1900 the Company had recovered from the effects of the Chino-Japanese War and received further encouragement from the Government in regular stipends to be applied for the European and American lines, but at the same time the Government subsidies which had operated since the formation of the Company came to an end. In the case of the Far East and coastal trade they were renewed. In 1901 it was decided to write off 4 per cent. per annum of the Company's reserves to be applied to the maintenance and renewal of the fleet. At the end of 1903 the fleet was 76 strong with a tonnage of 245,273, and though no new lines were inaugurated the number of voyages increased—being twice as many on the European and American lines as in 1898 and 1901 respectively.

The Russo-Japanese War (1904-05) gave another set back to the Company. At one time 71 vessels were on Government service and although foreign vessels were chartered to maintain some of the lines, the Australian and Korean runs had to be suspended. It was not till March 1906 that the Company's fleet was released from Government service. Meanwhile new building plans were put forward and orders for six twin screw steamers of 8,600 tons each were placed in Japan. These were intended to replace the 6,000 ton vessels on the European run. These new vessels were to develop 8,600 I. H. P. giving a maximum speed of 16.5 knots and were to be placed on service during 1908 and 1909.

The Osaka Shosen Kaisha.—This Company was formed with a capital of Yen 1,500,000 in Osaka in 1882 by the amalgamation of a number of small companies trading in the Inland sea. The tonnage of the Company was 15,000 for 93 ships, only 3 of which exceeded 500 tons. The ships were wooden with the exception of two; the largest was 620 tons and they were all 10 years old. The Company applied to the Government for assistance to carry out a ten year building programme. An 8 years subsidy was granted in 1888, for which the Company was to maintain more than 13,000 tons of shipping, carry mail free and open up 20 lines between the Kansai ports. By 1891, 18 ships were built and 12 were purchased, totalling 14,400 tons and at the end of 1892 there was a fleet of 50 ships (15,581 tons).

The O. S. K. and the China-Japanese War.—More than 30 vessels were commandeered by the Government, and the Company's regular services were impaired in spite of the fact that foreign vessels were chartered. During the War the Company's capital was increased to Yen 2,500,000 and larger vessels were purchased for Government service, and at the end of 1895 the fleet numbered 53 with a tonnage of 22,535.

The development of the Chinese and Korean trade led the Company to a further increase in its capital, and in October 1898 it amounted to Yen 10,000,000. Government subsidies were renewed in March of the same year with an increase for coastal mails. At the same time the Company secured a mail subsidy from the Formosan Government, and with it a service was established between Kobe and Keelung. Further subsidies were granted in 1900 and a Formosan Coastal Trade was established. In 1900 and 1901 there was a financial depression and the Company's capital was reduced to Yen 5,000,000. This depression was further accentuated for shipping firms by the development of the Japanese railways which carried on keen competition with the coastal trade. The Company therefore was forced to extend its enterprises. During 1898 and 1899 lines were established to South and North China, to the upper and lower Yangtse, to Saigon and Java. By 1899 the Company had increased its fleet to 57 vessels with an aggregate of 42,851 tons, and in 1900 its capital was increased to Yen 11,000,000 besides debentures amounting to Yen 4,000,000. The Boxer rising of 1900 withdrew 14,000 tons of the Company's shipping for Government service, and the various lines were maintained with difficulty. During this year and the next, one small shipping concern and a portion of another were acquired, adding 15 small vessels to the fleet.

During the Russo-Japanese War, the Company experienced the same difficulty as the N. Y. K. in maintaining its lines. Thirty-five of its vessels were on Government service and foreign vessels had to be purchased to replace them. In 1907 the Tosa Shosen Kaisha and a smaller Company were acquired, and at the same time a new Company was formed to take over the Yangtse trade. At the end of 1907 the Company's whole fleet amounted to 108 vessels (107,081 tons) besides 6 others on order of 6,000 tons each.

The Toyo Kaisen Kaisha.—This Company was formed originally in 1887 and was established as the T. K. K. in 1898. Its object was to open a New York Batuum line, and a Pacific line as a subsidiary enterprise. An agreement was arrived at with the Southern Pacific Railroad Company to open a Sanfrancisco-Hong Kong line, and for this purpose three new vessels were ordered from England. These commenced operations in 1898 with the help of a Government subsidy. This subsidy was renewed in 1900 for ten years at Yen 1,000,000 a year. This permitted the Company to open a line between Hong Kong and North China. In 1905 three large vessels of 13,500 tons each fitted with Parsons turbines were ordered in Japan to compete with foreign companies on the Sanfrancisco-Hong Kong line and at the same time three oil tankers were added to the fleet.

Wooden Vessels.—The Japanese Government has encouraged the building of wooden vessels since 1868, giving subsidies; junks were steadily replaced by semi-foreign or foreign types of vessels. In 1895, a wooden vessel of 1,491 tons, the largest built in Japan, was launched in Nagasaki.

Effects of the Shipbuilding Encouragement Act.—In 1895 there were 528 registered vessels in Japan with an aggregate of 331,000 tons, and the number was increasing. Shipbuilding, however, was in a backward condition. The Mitsu Bishi Yard at Nagasaki was the only one that could repair large ships and even it at times had to send work to the Naval Yards. The China-Japanese War revealed the need for better shipbuilding and docking facilities, and in 1896 a bill was passed granting shipbuilding subsidies for a period of 15 years.

A table showing ships over 700 tons constructed from 1883 to 1907.

Year.	G. T. Over 700.	G. T. Over 1,000.	G. T. Over 2,000.	G. T. Over 3,000.	G. T. Over 4,000	G. T. Over 5,000.	G. T. Over 6,900.	G. T. Over 7,000.
1883	...	1,416 (1)	...	...	...	...	...	...
1884	...	...	...	...	...	...	...	...
1885	...	...	...	...	...	...	...	...
1886	...	...	...	...	...	...	...	...
1887	...	...	...	...	...	...	...	...
1888	...	...	...	...	...	...	...	...
1889	...	...	...	...	...	...	...	...
1890	...	...	...	...	...	...	...	...
1891	708 (1)	...	...	...	...	...	...	...
1892	...	...	...	...	...	...	...	...
1893	...	...	...	...	...	...	...	...
1894	...	...	...	...	...	...	...	...
1895	...	1,508 (1)	...	...	...	...	...	...
1896	...	...	...	...	...	...	...	...
1897	...	1,610 (1)	...	...	...	...	...	...
1898	728 (1)	...	...	...	...	...	6,172 (1)	...
1899	...	1,695 (1)	2,692 (1)	...	...	...	6,309 (1)	...
1900	863 (1)	4,932 (3)	4,490 (2)	...	...	...	...	...
1901	735 (1)	4,992 (4)	4,788 (2)	...	...	...	12,620 (2)	...
1902	1,416 (2)	4,334 (3)	5,469 (2)	...	...	...	...	...
1903	3,401 (4)	6,177 (4)	2,166 (1)	...	...	5,539 (1)	6,444 (1)	...
1904	5,416 (7)	2,634 (2)	2,039 (1)	...	...	5,068 (1)	...	...
1905	2,501 (3)	9,580 (6)	...	...	...	...	...	7,463 (1)
1906	4,696 (5)	9,386 (7)	4,228 (3)	...	...	6,716 (1)	...	...
1907	4,740 (6)	...	5,018 (2)	10,765 (3)	...	...	...	...

Figures in brackets show number of vessels.

Enclosure 4.

EXTRACT FROM NAVAL ATTACHE'S ANNUAL REPORT
FOR 1922.SECTION XII.
MERCANTILE MARINE.*The number and tonnage of the merchant steamers of Japan at the end of November 1922 were as follows:—*

Steamers.	Number.	Gross tons.	Registered tons.
20—100 tons	321	55,497	23,700
100—300	414	74,614	36,018
300—500	173	69,590	39,230
500—1,000	300	224,878	134,582
1,000—2,000	245	844,918	211,615
2,000—3,000	169	413,026	259,006
3,000—4,000	113	382,068	239,027
4,000—5,000	49	215,319	142,549
5,000—6,000	121	687,611	419,405
6,000—7,000	46	298,651	198,700
7,000—8,000	32	234,549	148,823
8,000—9,000	3	24,864	16,199
9,000—10,000	12	113,872	71,263
Over 10,000	10	117,351	65,701
Total	3,008	3,256,828	2,040,818
Over 1,000 tons	800	2,832,249	1,807,288

The corresponding totals for the end of 1921 were:—

Total number	Gross tons.	Registered tons.
2,949	3,151,272	1,982,187
Number over 1,000 tons	Gross tons.	Registered tons.
773	2,714,166	1,737,557

showing a moderate increase during the year under both headings.

The number of ships of more than 1,000 tons launched during the year was 16, with a total tonnage of 59,000.

From statements in the press it appears that the purchase of foreign second-hand ships, which was on a considerable scale until August 1922, ceased from that time on account of the rise in the price of tonnage on the London market. The purchases between November 1921 and August 1922 amounted to 44 ships with an aggregate gross tonnage of 266,337. Against this the exports of ships for the 10 months ending October 31st, 1922, were 15, of a total value of Yen 1,045,000. The tonnage is not given, but judging by the value of the ships it could not have been large.

According to the Department of Communications, 280 ships (steam and sailing) with a tonnage of 117,255 tons were laid up in November 1922. The figures for the previous 12 months are also given and show a rising tendency latterly but this is probably due partly to seasonal variations.

Enclosure 5.

Number and tonnage of ships laid up (including sailing vessels).

	Number.	Tonnage.
1921—		
December	364	124,000
1922—		
February	351	118,000
March	323	87,000
April	247	75,000
May	258	78,891
June	260	79,377
July	248	76,211
August	298	88,840
September	260	92,399
October	269	100,512
November	280	117,255

In the absence of a return of a period of good trade, which does not seem very likely, it is improbable that the Japanese mercantile fleet will be largely increased during the coming year. The shipbuilding yards are hard hit by the Naval Reductions and would no doubt gladly welcome new orders even at low prices but the shipping companies are likely to place few orders. Of the big lines the Toyo Kisen Kaisha (T. K. K.) is still running at a loss and declared a deficit of Yen 932,535 last October, but paid a dividend of 5 per cent. by taking Yen 900,000 from the Special Reserve and Yen 550,000 from dividend equalisation fund.

Some apprehension has been expressed that the Government subsidies to the shipping lines would be reduced but the result of enquiries by the British Commercial Counsellor do not bear this out.

Enclosure 6.

**Tables supplied by Sir Westcote Abell, K.B.E., Chief Surveyor
of Lloyd's Registry, London.**

*Number and gross tonnage of Steamships and Motorships of 100 tons and
upwards OWNED by Japan during the years 1890 to 1923.*

(From Lloyds Registry.)

Year.	Number.	Tons.
1890	165	138,431
1891	255	151,595
1892	250	142,492
1893	272	151,773
1894	268	174,400
1895	339	279,668
1896	378	334,592
1897	434	404,475
1898	462	454,163
1899	477	473,704
1900	484	488,187
1901	508	521,125
1902	585	555,230
1903	544	585,542
1904	591	668,860
1905	691	870,839
1906	775	996,553
1907	829	1,068,747
1908	865	1,140,177
1909	861	1,260,858
1910	848	1,146,977
1911	861	1,240,975
1912	960	1,344,991
1913	1,087	1,500,014
1914	1,103	1,708,386
1915	1,155	1,823,068
1916	1,151	1,847,453
1919	1,418	2,325,256
1920	1,949	2,995,878
1921	2,033	3,354,896
1922	2,025	3,566,918
1923	2,003	3,644,147

Number and Gross Tonnage of Ships of 100 tons and upwards LAUNCHED in Japan during each year from 1892 onwards.

(From Lloyds Registry.)

Year.	Number.	Tons.
1892 . . . . .	...	...
1893	3	1,132
1894 Year of Chino-Japanese War	14	3,173
1895	3	2,296
1896	26	7,849
1897	22	6,740
1898	9	11,424
1899	3	6,775
1900	3	4,543
1901	94	37,298
1902	53	27,181
1903	62	34,514
1904 Russo-Japanese War	67	32,969
1905	81	31,725
1906	107	42,489
1907	78	66,254
1908	73	59,725
1909	75	52,319
1910	70	30,215
1911	109	44,359
1912	168	57,755
1913	152	64,664
1914 }	32	85,661
1915 }	26	49,408
1916 } Great War	55	145,624
1917 }	104	350,141
1918 }	198	489,924
1919	133	611,883
1920	140	456,642
1921	43	227,425
1922	49	83,419

APPENDIX D.

Vessels built for India from 1910 to March 1921.

	ENGINES.					BOILERS.			
	Completed.	Length B. P.	Breadth.	Depth.	Type.	Cylinders.	Stroke.	H. P.	No. and Type.
<i>Vessels 180' to 250' long.</i>									
Dredger "Lees"	1912	205 0	43 0	13 0	T. S. C.	11"-17"-28"	21	906	2 Cylindrical.
Pump Engines					T. S. C.	19"-30"-50"	27	1127	
Dredgers "Oswald" and "Campbell"	1912	210 0	38 0	9 0	T. S. C.	10"-16"-26½"	16	578	2 Cylindrical.
Pump Engines					T. S. C.	16½"-27"-43"	24	682	
R. I. M. S. "Nearchus"	1914	180 0	29 0	14 6	Turbine	...	...	685	1 Yarrow W. T.
Propelling and Dredging Engines	1916	180 0	33 6	13 6	T. S. C. }	11"-17"-25"	21	640	1 Cylindrical.
Dredger "Cochalot"					T. S. C. }				
"Lawrence"	1919	225 0	34 0	19 9	Turbine	...	...	1800	2B. and W. W. T.
"Clive"	1920	240 0	38 0	24 6	Turbine	...	...	2200	2B. and W. W. T.
<i>Vessels under 180' long.</i>									
M. L. "Commeroe"	1910	46 0	8 0	4 9	Motor	4½"	5	84	...
2 P. S. "Sara" and "Damukdia"	1910	133 0	22 0	6 0	P. C. S. C.	16½"-30"	42	360	1 Yarrow W. T.
Motor Launch for Madras	1910	20 0	5 0	2 10½	Motor	4½"	5	12	...
S. L. "Kistna"	1910	40 0	8 0	4 0	T. S. C.	5½"-8"-12"	6	53	1 Yarrow W. T.
Dummy Hopper Barge	1911	110 0	25 0	12 0	...	...	...	...	...
S. L. for Burma	1913	90 0	15 0	7 6	T. S. T. S. C.	6"-9½"-15"	9	180	1 Mumford, W. T.
S. L. for Burma	1913	78 0	12 0	6 0	T. S. T. S. C.	6"-9½"-14"	7	260	1 Simpson Strickland W. T.
Pontoon Grab Dredger	1913	70 0	21 6	5 0	...	...	...	...	1 Vertical.
S. L. for Mohammedrah	1913	60 0	11 0	4 0	C. S. C.	7"-14"	8½	91	1 Simpson Strickland W. T.
4 Motor Launches, Burma	1914	28 0	7 0	3 2	...	3½"	4½	7	...
Terminal Pontoon "Lees"	1915	80 0	56 0	7 6	...	...	...	...	1 Cochran.
Terminal Pontoon and Pipe Line "Mudlark"	1916	50 0	37 0	6 0	...	...	...	...	...
8 Steam Launches, Basra	1916-17	60 0	11 0	4 0	C. S. C.	7"-14"	8½	96	1 Simpson Strickland W. T.
Dredger for Pegu-Sittou Canal	1920	102 0	25 0	7 9	C. S. C.	13"-26"	15	...	1 Cylindrical.
Propelling and Pump Engines					...	...	...	...	...
Dredger for Shatt-el-Arab, Pump Engines	1921	94 0	26 0	7 6	C. S. C.	13"-26"	15	206	1 Cylindrical.

GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE

Report on the scheme for the
establishment of a training-ship
in India

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BY

Captain M. B. SAYER, R. N. R.



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Report by Captain M. B. Sayer, R. N. R., on the scheme for the establishment of a training ship in India.

RESOLUTION BY THE GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE,
No. 238-S. (9) (a), DATED DELHI, THE 25TH NOVEMBER 1925.

Chapter 2 of the Report of the Indian Mercantile Marine Committee contains the Committee's recommendations for the training of Indian Executive officers and Engineers for the Indian Mercantile Marine. The Committee suggest, *inter alia*, that the Royal Indian Marine S. S. "Dufferin" should be converted into a training ship to be stationed at Bombay for training Indian boys as deck officers. Their proposals in this respect do not furnish sufficient details to enable the Government of India to form definite conclusions. The Committee have not, for instance, given any details regarding the course of instruction to be followed and the staff which should be maintained, or a detailed estimate of the cost of maintaining the proposed training ship. In the absence of information on these points it is not possible for the Government of India to decide either the extent or the financial effects of the proposal.

2. The Government of India have therefore decided to obtain the services of an expert from England to prepare a detailed scheme for the establishment of a training ship in Indian waters and for this purpose have been able to secure the assistance of Captain M. Sayer, C.B.E., R.D., R.N.R., Captain Superintendent of the training ship "Worcester." In this he will be assisted by Mr. J. A. Richey, C.I.E., M.A., Educational Adviser to the Government of India and Captain E. J. Headlam, C.S.I., C.M.G., D.S.O., Director of the Royal Indian Marine.

3. In paragraph 11 of their Report the Indian Mercantile Marine Committee contemplate that it will be best in the beginning to provide for the training of not more than 50 boys. It is difficult to estimate the number of boys for whom training and accommodation will be required. The accommodation needed also depends on the length of the course prescribed. As the Committee state in paragraph 11 of their Report, the prospects of trained mercantile marine deck officers obtaining employment in this country will be somewhat limited until Indian shipping has been fully developed. This last will take time and for many of the earlier years it may be assumed that the majority of those who obtain employment will be employed in ships engaged in Home-trade vessels. The number of such vessels is probably about 60 to 70 requiring in all some 40 to 300 deck officers. If employment at sea be taken at 24 years, this would mean some 10 new entrants every year.

4. In paragraph 14 of their Report the Committee recommend that the period of training in the training ship should be for two years, and in paragraph 16 they suggest that the age for joining should be not younger than 15 and not older than 17 years. The Government of India are somewhat doubtful as to the soundness of these proposals. Though every effort will,

no doubt, be made to obtain suitable cadets from the seafaring classes of India, it is probable that at first, at any rate, the majority of the cadets will be landsmen. If so, in the opinion of the Government of India as at present advised, it may be necessary to take boys of a younger age and to give them a longer course of instruction than that suggested by the Committee. Subject to the advice of the officers referred to above, the Government of India incline to the opinion that the course should not be one of less than four years' duration.

5. Assuming that the course finally accepted will be one of four years, and allowing an ample margin for wastage, the total number of boys in training at one time is not likely to exceed 70 or 80. It should be borne in mind that the object of the training ship is to train boys for a sea career and not to add one more to the educational institutions of the country designed to train boys for ordinary avocations.

6. In this connection there should also be considered the question raised in paragraph 24 of the Report of the Committee, namely, formation of classes for coaching officers for certificates of competency as Mates and Masters. In the first place it has to be considered whether it is suitable to attach such work to the training ship, and if so, whether those undergoing such courses should be accommodated on the training ship. Candidates qualifying for the Mates and Masters certificates of competency would be considerably older than the ordinary cadets, and the question whether it would be advisable to accommodate them on the training ship with boys will need careful consideration, particularly with reference to the question as to how the presence of these older men will affect the general discipline on board the ship. The Government of India are provisionally of opinion that, on the whole, it would perhaps be better to provide the necessary coaching facilities for men of this class on the shore, the Instructional staff of the training ship being allowed to give courses of lectures for this purpose if necessary. If, however, it is eventually decided that the men in question ought to be accommodated on the training ship, the total number of students on board the ship is not likely to exceed 110 to 140 for several years.

7. In paragraph 12 of their Report the Committee recommend that the proposed training ship should be located at Bombay. Doubts have, however, been expressed whether Karachi would not be more suitable than Bombay for the location of the ship. The arguments which have been advanced in favour of Karachi are :—

- (i) that it is possibly more healthy than Bombay ;
- (ii) that the harbour being less exposed to the monsoon more constant practice in sailing and boating may be obtained.

8. Captain Sayer will be requested to report on the points specified below, bearing in mind the above considerations :—

- (a) whether the training ship should be stationed at Bombay or Karachi ;
- (b) whether the S. S " Dufferin " is suitable as a training ship for the numbers indicated, or whether it is too large and too expensive ;
- (c) the age at which the boys are to be admitted to the training ship ;

- (d) educational qualifications required, and other conditions to be fulfilled by candidates for admission to the training ship ;
- (e) the curriculum and the course of training to be followed on the training ship and the period of training ;
- (f) to what extent sea cruises for the boys would be desirable, and how they should be arranged and conducted ; if the Committee's recommendation that a tender should be attached to the training ship is supported, details of the tender required and an approximate detailed estimate of the initial and recurring cost involved should be given ;
- (g) whether the courses referred to in paragraph 24 of the Report of the Indian Mercantile Marine Committee should be given on the ship and those attending such courses be accommodated therein .
- (h) the staff of Instructors, their emoluments and method of recruitment and also equipment, etc., required ;
- (i) what fees or other charges should be levied from (a) the boys and (b) those attending the Mates and Masters courses ; also whether board should be provided free as recommended by the Committee ;
- (j) to prepare detailed estimates of costs (1) capital, (2) recurring of any scheme put forward and in particular of adapting and using the S. S. " Dufferin " for this purpose.

9. The Government of India would also be glad to get the advice of Captain Sayer on the following points :—

- (1) Proposals for preliminary training in paragraph 19 of the Report to inculcate sea sense in Indian boys ;
- (2) Proposals in paragraphs 26 to 29 of the Report for the training of Engineer officers ; and
- (3) Question of providing facilities for the training of lascars in modern methods of navigation.

10. Mr. J. A. Richey will meet Captain Sayer at Bombay where most of the work will doubtless be done. They will make their own arrangements for meeting Captain Headlam. Captain Sayer should also visit Karachi and after his inspection is completed and he has formulated his schemes he should come to Delhi for writing the Report.

Ordered that a copy of the Resolution be forwarded to Captain M. Sayer, C.B.E., R.D., R. N. R., Mr. J. A. Richey, C.I.E., M.A., Educational Commissioner with the Government of India, Captain E. J. Headlam, C.S.I., C.M.G., D.S.O., Director, Royal Indian Marine, Department of Education, Health and Lands, Army (Marine) Department, Finance Department, and Accountant General, Central Revenues.

FROM CAPTAIN M. B. SAYER, R. N. R., TO THE SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE, DATEL DELHI, THE 28TH DECEMBER 1925.

I have the honour to report that I arrived in Bombay on the 18th instant and reported as instructed by the High Commissioner for India (London) to the Director, Royal Indian Marine, accompanied by Mr. J. A. Richey, Educational Commissioner, who kindly met me on arrival.

The general scheme for the establishing of the proposed Training Ship was discussed by us in meeting, as I had already received a copy of the Resolution No. 238-S. (9), Department of Commerce, dated at Delhi, the 25th November 1925, with printed report of the Indian Mercantile Marine Committee at Aden. I had been enabled to study same, and become conversant with the ideas of the Government of India on the subject, before arrival.

After a full discussion, we proceeded to inspect the steam ship "Dufferin" and I beg to append below, my opinion as to her general suitability for conversion to a Training Ship.

Royal Indian Marine S. S. "Dufferin."

After a careful and detailed inspection of this vessel. I came to the conclusion that she was decidedly suitable for the proposed plan, on the following counts—

(1) Cost of conversion should be moderate, as practically no alterations are required, beyond the removal of a few wooden Bulkheads, as agreed upon with the Director, Royal Indian Marine.

(2) Owing to her having fairly large Square-port-holes, and also Side-Doors, she is well ventilated, which is essential, more especially in the Indian climate.

At the same time, it will be necessary to fit fans in sleeping and living quarters, for use in hot season, these with uptake Shaft-Ventilators should keep ship cool and healthy.

(3) Present accommodation is most suitable and adequate to house the suggested staff, with but little alteration.

(Note.—These necessary alterations were discussed between us, and agreed upon. The Director, Royal Indian Marine, will obtain estimates from his Constructor and Engineer of the probable and approximate cost of conversion (which is attached hereto Appendix A.)

(4) It is quite unnecessary to remove Engines and Boilers at the moment. If this were done, it would entail a large expenditure and no good be served thereby, whereas, should the proposed scheme prove a failure, the ship is still intact, and would accordingly fetch a higher price if sold in the open market for breaking up purposes, with Engines and Boilers still in her; all that is necessary is for them to be laid up in the usual manner. They should then require small attention.

(5) It will be necessary to instal a Lighting and Pumping Plant and the present Dynamos and Boilers are too large for practical and economical use for the purpose required.

I beg to suggest that a Vertical Boiler be installed for the supply of steam, for Pump, Hot water, etc., and that an Oil Engine Plant be installed to run a smaller Dynamo for lighting purposes, another Dynamo being installed for stand by purposes. Possibly the present Installation might be disposed of to go against the costing of the proposed New Set. This plan, if carried out, would be much more economical.

(6) The Main Hold could be fitted and used as a Gymnasium in bad weather.

(7) As the ship has been laid up for a considerable time, she will require a certain amount of repairs done, during conversion, if it is decided to adopt her for the suggested purpose.

(8) Suggested that the "Foremast" be fitted with Fore-Yard, Fore-topsail Yard and Top Gallant Yard, so that the cadets may be taught Sail drill, method of sending down yards, the going of Aloft, which would instil many qualities in the boys, giving them confidence, courage and agility, which is essential in their training as future officers.

Sails should be fitted to Topsail and Top Gallant Yards only, with also a Jib, or other fore and aft Sail.

General Remarks.

Of course the ship is a little on the large size for the suggested number of Cadets to commence with, i.e., (30) and will therefore require a larger staff for upkeep and maintenance, but it must be borne in mind that should the proposed Scheme, prove a success, in time the numbers will increase, so that this disadvantage will become non-existent.

In my opinion, it will be impossible to find a more suitable ship than the "Dufferin" for the purpose required and I should not suggest your looking elsewhere; as she has all the qualities necessary to make a successful Training ship, summed up briefly as follows:—

1. Is roomy, with large Deck spaces,
2. Has good ventilation (most essential),
3. Present accommodation suitable for staff, with but little alteration required,
4. Is in good condition, and can be maintained with a moderate staff.

Furthermore—

If the scheme does not materialize, the sum expended on conversion will not be very large and, as I have pointed out before, the ship will be intact and in good order for sale.

Visit to Karachi.

In accordance with instructions received, I proceeded to Karachi, arriving there by the S. S. "Vta" on the 23rd, being received on arrival by the Port Officials, who kindly afforded me every facility for viewing and inspection of Harbour. I visited the Telegraph ship "Patrick Stewart" and inspected her, but came to the conclusion she was too small for the requirements. Furthermore, she would require a large sum expended on her to fit her as a Training ship.

Manora was next visited with its Harbour Trust Establishment.

In reviewing the respective merits of Bombay and Karachi, I have no hesitation in affirming that, in my opinion, the climate of Karachi was much better than that of Bombay. Furthermore, it is more sheltered in the South-west monsoon, with but little interruption in Boat communication with the shore at this period which you are bound to have in Bombay. It has also good facilities for Boat-sailing and pulling in safety, which could not be carried out with safety in Bombay during the South-west monsoon. There is an excellent berth for mooring a Training ship off the Telegraph Wharf, Manora, the only drawback being that all Fresh Water and Stores must come by Boat from Karachi side. But this is a detail of no account.

Repairs could be effected by Port Trust Dockyard as required.

It is possible that a play-ground might be obtained on Manora—or any way the share of one—good and safe bathing can be also obtained.

In regard to your detailed questions, as specified in Resolution No. 238-S. (9), I have the honour to append my opinion in regard to same :—

- (a) *Station of Training Ship.*—There is no doubt Karachi would be more suitable than Bombay, as being more healthy and more sheltered during the South-west monsoon. Boat communication should not be interfered with if ship be moored off the selected site at Telegraph Buoy, Manora.
- (b) *Suitability of S. S. "Dufferin."*—Is a suitable vessel, somewhat on the large size, but should numbers increase after inception period, this fact will be no drawback. Steamship "Patrick Stewart" is too small, and would require a lot of expenditure to make her suitable. Even then she would not be the ship required.
- (c) *Age of boys—Admittance.*—Suggested 13 years.
- (d) *Qualifications for admission.*—Essential boy should speak English and have received a fair standard of education as regards elementary subjects.
- (e) *Curriculum.*—As supplied from the "Worcester" (*vide* Appendices E. and F.) but the teaching of Navigation and Nautical Astronomy could not be commenced until Cadets had been thoroughly grounded first in English subjects of Arithmetic and Algebra.

Period of training could not be less than four years to commence with.

- (f) *Necessity for Sea Cruise.*—I do not think it necessary for Sea-Going-Tender to be arranged for in the initial stage, besides which it would incur heavy expense. Training Establishments in England have tried this but have shut down same on this account.

If a small Brig were available and attached to the Training ship stationed at Karachi, day trips might be made outside Harbour to advantage during fine weather.

- (g) *Coaching classes for Board of Trade examinations.*—Presumably these Nautical Schools will not be required for sometime. When necessary there is no reason why one should not be run in connection with the Training ship; but it would be advisable for those attending to be accommodated ashore and not on board the Training Ship as they would be of an older age than the Cadets, and it might be prejudicial to good discipline.
- (h) *Staff of Instructors, etc.*—The staff, as suggested, is dealt with under separate cover with their emoluments.
- (i) *Fees.*—The fees of the Training Ship “Worcester” are £140 per annum inclusive of one suit of uniform yearly, washing and medical attendance. The “Conway” charges £120 without uniform. Pangbourne Nautical College £160, without uniform. The matter of what fees should be charged against the parents of the proposed Native Training Establishment is one to be decided by the Government who are in a position to know the sum likely to be obtained from the class of parent it is desired to draw the boy from. But it is suggested that, as a commencement, the fees chargeable should be small, say 50 per cent. only, the Government paying the other 50 per cent. to enable them to see how the Scheme generally is received by the public and if the right sort of boy is forthcoming.

The usual fee charged in England at the Nautical Schools for “cramming” for the B. O. T. Examinations is approximately as follows:—

	£	s.	d.
Second Mates	3	17	6
First Mates	5	5	0
Masters	10	10	0

- (j) Attached—*Vide Appendix C.*

Preliminary Training in Schools.

(1) The suggested scheme for the establishing of primary Nautical Schools in my opinion is not necessary; provided scholars at Government schools were taught English and the history of Sea Power and all it means with a thorough grounding in Arithmetic and Algebra.

Training of Engineer Officers.

(2) As regards the training of Engineer officers, provided adequate training in Workshops and Shipbuilding yards for large vessels were obtainable in India, there is no reason why the scheme could not be carried through. It is usual in England for a boy training as an Engineer to serve 5 years in the shops to be followed by 3 years Sea training as a junior Engineer before being eligible to sit for his 2nd Engineer’s Certificate.

Training of Lascars.

(3) In regard to this question, I do not consider the ordinary Lascar would be educated sufficiently to be able to grasp and learn modern methods of navigation.

In regard to supplying estimates of costs, Capital and recurring, I beg to inform you the annual cost of upkeep for the Training ship "Worcester" including all charges is approximately £17,000 per annum.

You will appreciate the fact that I personally am not in a position to give estimates for a ship in this country where conditions are totally different and which can only be defined by the local experts.

The Director of the Royal Indian Marine has kindly had estimates prepared by his Staff Engineer and Constructor in regard to cost of conversion. Also the Director, Royal Indian Marine, has compiled his estimate of recurring costs after consultation with me in regard to the required staff and all other details for upkeep when running.

The question of the educational side has been discussed fully between Mr. J. A. Richey, Educational Adviser to the Government of India, Captain E. J. Headlam, Director, Royal Indian Marine and myself. I have supplied Mr. Richey with the syllabus of the "Worcester" both School and Seamanship side with all particulars as regards suggested staff.

I therefore beg to attach reports from both the Director, Royal Indian Marine, and Mr. Richey concerning the above mentioned subjects for your information giving figures for the inception of the scheme and its maintenance when a going concern.

General Summary.

After affording the Government of India answers to their questions as put to me in their Resolution No. 238-S-9 (a), Department of Commerce, dated at Delhi, the 25th November 1925, and after carrying out their instructions contained therein, I beg, in view of my engagement from England, to give my opinion on the proposed scheme of establishing a Training Ship in Indian waters for the training of Indian Cadets and to place before the Government of India an alternative scheme which would, in my opinion, as an independent witness possessed of some practical experience, be of a greater advantage and likely to carry a far greater chance of success than the general scheme which was put to me. It is as follows:—

That a limited number of carefully selected candidates—say 6 a year should be sent to England for training in the existing Training Ships H. M. S. "Conway" and "Worcester"—three to each establishment; selected candidates to be of approximately 14 years of age when joining and with good knowledge of English; term of training to be of three years. After passing out from the Training Ship, a cadet would be apprenticed for a further 3 years to a Line of British Steamers in India, who, I understand, have already agreed to accept these boys, after which period the boy would be eligible to sit for his Board of Trade Examination as Second Mate. He then could return to India qualified to take up an appointment. Meanwhile, he will have acquired the following advantages:—

1. Will have been taught by English Masters with other English boys in same class—nothing but English being spoken and will derive benefit for same.

2. Will be living the ordinary life of an English boy intended for the Sea profession on a Training Ship in England, where the climate is more temperate, therefore the boy should improve in physique. Furthermore will all the time be unconsciously acquiring that sense of the Sea so important which is fairly manifest in English boys, who have chosen it as a profession and in close association daily with English boys of his own age and rank, will quickly learn their language and habits, which will prove invaluable when he goes to sea as an apprentice and later becomes an officer associating with possibly European officers over him.

I beg to inform you that for the last three years I have had on board my ship the " Worcester " 19 Egyptian Cadets who were sent by their Government for education and training, with a view to entering their own intended Sea Services, which is now under consideration beyond their existing Establishments. These Egyptian Cadets were recruited from the high official class and joined the " Worcester " between 13 and 14 years of age.

The Egyptian Government paid all fees, holidays, clothing, travelling expenses, etc., the parent bearing no cost.

These boys have done exceedingly well and have improved in physique, general knowledge and can all speak the English language well : in competition with English boys both in school and out, have more than held their own.

The seven senior are now about to undergo six months training in a Naval Establishment in England, having finished their course in the " Worcester ".

I am prepared to state that I think my Committee would consider favourably any request the Indian Government might put up of a like nature.

The Egyptian Government have an educational organisation in London who is responsible for the welfare, arrangement for holidays, etc., of all Egyptian students undergoing education in England. This the Indian Government would also require, and would no doubt have.

This same alternative scheme should also embrace the Engineer student. I suggest to make a thoroughly practical and efficient Engineer, he must be trained in a Shipyard, where large Ocean Going Ships are built, where he can go through all the various processes of both Ship and Engine Construction, Fitting Shops, Moulding Lofts and Drawing Office which is the usual method undergone by the British Engineer during his 4 or 5 years' apprenticeship. He goes in and works as a workman and is treated as such during this period, certainly rough but necessary for future efficiency when he becomes an officer. I am referring of course to Marine Engineers. The Egyptian Government have their students in England in this branch.

This alternative scheme would prove less costly than establishing your own ship, with all its ramifications, obtaining Board of Trade sanction for training ship time to count, and you would have the benefit of nearly 70 years experience given to the boys to be trained, besides which their vision would be so much more broadened in living in Europe, seeing the world outside their own Dominion and the way other nations live and behave. I say this, because

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India is not, broadly speaking, excepting in certain small areas on its sea-coasts, a sea-faring nation. It therefore should subject this alternative scheme for consideration, as taking them and rearing and training them amongst a nation who have been sea-farers from the earliest times. For your information, the following is an approximate scale of salaries now being paid in the British Mercantile Marine :—

Liners, 1st Class.

Commanders	£600—1,200 per annum.
Chief Officers	£30—35 per month.
2nd officers	£24—26 "
3rd officers	£16—18 "
4th officers	£11 "

Cargo Boats.

Masters	£40—60 a month.
Chief Officers	£26—30 "
2nd officers	£20—26 "
3rd officers	£11—14 "

Apprentice, if having paid a premium, say, of £50 for three years, is returnable in wages plus 5 per cent. interest, otherwise he draws no pay.

All staff is victualled by shipowner and they pay no messing, but excepting in the larger and old established Lines, no guarantee is given that employment will continue after the voyage has been completed, the practice being to sign Articles for the one voyage.

In conclusion, I should like to express my appreciation of the help I have received from both Captain Headlam and Mr. Richey in drawing up my report. It will always be a pleasure to me to do anything I can to forward the scheme as decided upon by the Government of India if assistance is required by a Nautical Adviser in England,—in any way required of me.

NOTE BY CAPTAIN E. J. HEADLAM, C.S.I., C.M.G., D.S.O., DIRECTOR OF THE ROYAL INDIAN MARINE, AND MR. J. A. RICHEY, C.I.E., I.E.S., EDUCATIONAL COMMISSIONER WITH THE GOVERNMENT OF INDIA, FOR THE USE OF CAPTAIN M. SAYER.

(N. B.—*This note follows only approximately the order of the questions put in paragraph 5 of Government of India, Commerce Department, resolution No. 238-S (9) (a), dated Delhi, the 25th November 1925.*)

We offer no opinion on the choice between Karachi and Bombay as the site for the training ship since Captain Sayer is inspecting both places with a view to determining this question.

2. We consider that the "Dufferin" can be converted into a suitable training ship. It is admitted that she has many features, *e.g.*, ample deck space, which make her eminently suitable for such a purpose, but it has been

suggested that she is unnecessarily large. This criticism was made on the assumption that the number of students in residence would not exceed 50. On the suitability of the "Dufferin", however, Captain Sayer is the best authority.

3. The Indian Mercantile Marine Committee in paragraphs 14 and 16 of their report recommend that boys should be recruited between 15 and 17 years of age and the course of training should be of two years' duration. The Government of India in their resolution recommend an earlier age for recruitment and a course of four years.

We are of opinion that the course should be one of three years and the maximum age for recruitment should be 15. We do so for the following reasons :—

- (a) A cadet on an English training ship is 17 years old when he completes his course and he has then to serve three years' apprenticeship before qualifying for a certificate. We think that as far as possible Indian boys should be placed on an equal footing and be qualified to obtain a certificate at the age of 20.
 - (b) We do not consider the standard of English knowledge reached by an Indian boy at the age of 15 sufficiently high for him to complete in two years a course, which is largely technical, conducted entirely through the medium of English. The use of English as the medium of instruction is only begun in the 8th class in Bombay and with the introduction of vernacular into high schools it may still further be postponed. We therefore consider it essential that intensive instruction in English be included in the course of training and we do not consider that there will be time for this unless the total period of training is extended to three years. (We base our recommendation on the Bombay curriculum since it is probable that a majority of the recruits will in the first instance come from Bombay, but we believe these arguments hold equally good for recruits from other parts of India).
 - (c) We do not recommend a four year course because it will be necessary to recruit boys at 13 if they are to complete their training by the age of 18. It is improbable that parents will be willing to let their boys join the training ship at this early age. Indeed we are assured that we should get a larger number of candidates if we could raise the minimum age of recruitment to 16. Against this we believe that the cadets will gain far more by a year's intensive training on the ship than if left to continue their general courses in a high school for another year.
 - (d) The cost of fees to parents for an additional year of training might act as a deterrent from recruitment.
 - (e) The staff which we suggest will be adequate for a two or three year course of training whereas it will need enlargement if a fourth year is to be added.
1. The candidates for admission should have completed the 8th standard in an anglo-vernacular school and should pass a qualifying test in English,

Arithmetic and General knowledge, i.e., History and Geography. They should also be interviewed by a board of selection before final admission. We consider this interview essential in order to make sure that the boys have a genuine intention of joining the mercantile marine and are not merely taking advantage of an excellent course of instruction at Government expense.

5. Each year should be divided into two terms as follows :—

(a) from January the 15th to June the 15th with a break of ten days at Easter ;

(b) from September the 15th to December the 15th.

We suggest this arrangement because it will be necessary during the monsoon to move the "Dufferin" far up the harbour for security. The provision of a long mid-summer holiday should also suit the convenience of boys coming from distant parts of India.

6. The Indian Mercantile Marine Committee proposed an annual output of 25 cadets. It seems unlikely that steamship companies will be able to take more than fifteen apprentices a year ; it is possible that even this number may not be able to find employment after their term of apprenticeship. To obtain this output it would not be necessary to admit more than 20 cadets each year but the "Dufferin" has capacity for the full 100 cadets and the running charges on lighting, etc., will be the same whether the enrolment is 50 or 100. Moreover, since the staff cannot be reduced but is ample for a school of 100, while the fees proposed more than cover the keep of each cadet, every additional cadet in residence up to the capacity of the staff means a *pro tanto* reduction in the cost per head. To raise the number of cadets from 50 to 100 would mean an additional *net* income to Government of some Rs. 12,000 annually against a small initial outlay on beds, desks, etc. There are also educational advantages e.g., in organising games, in fixing the larger number. It is therefore suggested that 30 candidates be admitted annually. Admission may be made at the beginning of the September terms as the school examinations are usually held at the beginning of the hot weather.

We do not anticipate that every vacancy will be filled and there will undoubtedly be some wastage during the course, so that the number in residence at any time will not probably exceed 80 of whom 25 will complete the course each year. Only fifteen passed cadets will qualify for apprenticeships. There will be a distinct advantage in introducing this element of competition since it is easier to select the more suitable officers at the final stage than at first admission. Those cadets who do not qualify for the mercantile marine will have received an excellent education and should have no difficulty in obtaining admission to a higher course of study or in obtaining employment.

7. During the first year instruction will be confined to English, Mathematics, i.e., Arithmetic, Algebra and Geometry, the History of India and Geography. The Cadets will also receive instruction in the elements of seamanship, rowing and physical training. During the second year Trigonometry, Navigation and Meteorology will be added for a few hours each week, the course in general Mathematics and General Knowledge being correspondingly reduced. During the third year the course should follow as closely as possible that taught in the first and second nautical classes in the "Worcester" training ship.

8. We understand that the fees paid by a resident student in a good hostel attached to a high school in the Bombay Presidency range between Rs. 40 and Rs. 50 per student per mensem including board and lodging, tuition, medical fees, games fees, etc. We recommend that the fee at the training ship should be Rs. 50 per student per mensem which will cover all dues to the ship and from which the boys should be provided with a simple working uniform similar to that worn by boy scouts and a white uniform with buttons, etc., for shore leave and ceremonial occasions. There should be a limited number of scholarships, *e.g.*, three in each term of the value of Rs. 25 each per mensem which will take the form of remission of half the training fees.

9. We have fixed the fees with a view to the class of boys whom we expect to recruit. It has been suggested that the training ship may draw on sons of serangs, lascars, etc., who already follow the sea. It seems extremely improbable that men of this class will be willing to allow their boys to undergo a course of six years, *i.e.*, three years in the training ship and three years apprenticeship before they become wage-earners. It is understood that their boys at present start wage-earning at about the age when we should expect them to join the training ship. Moreover English apprentices in the mercantile service are not sons of common seamen. Evidence as to the likelihood of recruits for training being forthcoming is contradictory but we believe that if sufficient publicity is given to the scheme there is a fair possibility that boys of the middle classes may be attracted to this career. The prospects before a lad on the completion of his training should be, however, clearly set forth.

10. Before the scheme is inaugurated it will be necessary to lay an outline of it before the Board of Trade and obtain from them an assurance that they would be prepared to consider favourably an application, when the training scheme is complete, for recognition of its courses as equivalent to one year of sea faring.

11. We attach to this note :—

- (a) an estimate of the cost of preparing the "Duffer'n" for use as training ship (Appendix "A");
- (b) a list of the staff which we consider necessary (Appendix "B");
and
- (c) a summary of the capital and recurring cost of the scheme (Appendix "C").

APPENDIX "A".

Estimate of non-recurring cost of fitting out the R. I. M. S. "Dufferin" as Training Ship.

Alterations and repairs as per estimate attached :—

	<i>Labour.</i>	<i>Material.</i>	<i>Total.</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Alterations	30,150	43,400	73,550
Reconditioning work	26,552	20,292	46,844
Overhead charges	25,516	12,738	38,254
Total .	82,218	76,430	158,648

	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Electric fittings, etc., as per estimate attached.	11,000	23,000	34,000
	2,250	3,150	5,400
Total .	13,250	26,150	39,400

Awnings, running gear, fitting sails, yards, etc.	25,000
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Grand total of non-recurring charges.	2,23,048
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N.B.—There will be some returns on stores, etc., and arisings but no allowance for this has been made in the estimate.

The estimate includes the provision of additional furniture for cabins.

APPENDIX "B".

ESTIMATE OF RECURRING CHARGES.

Officers and Instructional Staff.

		<i>Rs. per annum.</i>
Captain (a) . . .	Salary	20,400
	Servants' allowance	1,200
Chief Officer (b) . . .	Salary	8,400
	Messing	730
Second Officer (b) . . .	Salary	6,000
	Messing	730
Headmaster (Euro- pean) (c)	Salary	18,000
	Messing	730
Second Master (d) . . .	Salary	3,000
Third Master (d) . . .	Salary	3,000
Fourth Master (e) . . .	Salary	3,000
	One Assistant Sur- geon, I.S.M.D.	3,000
One European Boat- swain Instructor.	Messing	730
	Salary at Rs 250 p. m.	3,000
One Clerk at Rs. 150 per mensem	Messing	730
	Salary at Rs. 150 p. m.	1,800
One Indian Boatswain Instructor at Rs. 150 p. m.	Messing	365
	Salary at Rs. 150 p. m.	1,800
Two Engine Drivers, 1st class	Messing	730
	Salary	3,600
Total		81,675

(a) The Captain may be of the standing of a Captain in the Indian Marine, specially selected.

(b) On the ship one officer must always be on duty. Allowance must be made for sickness and leave, therefore two officers are the minimum complement. These officers will instruct in Seamanship. They may be drawn from the Mercantile Marine.

(c) The headmaster of other training ships is usually instructor in navigation and nautical astronomy. In view of the peculiar conditions in India the headmaster on the "Dufferin" will be fully occupied in supervising his staff and teaching English, a thorough grounding in which during the first year is essential if the cadets are to understand the higher technical instruction. For this instruction it will be necessary to rely on the professional staff, who must be specifically recruited for this purpose, if necessary, at higher rates of pay than those proposed by us.

(d) The second and third masters will be teachers of Mathematics and General Knowledge. They will live on shore and come out to work daily on a launch, hence no allowance has been made for their messing. The pay of their posts has been fixed with reference to the pay of superior posts in the Bombay S. E. S. from which service they might be drawn.

(e) The fourth master will be an additional English master to be recruited in the second year on the same pay as the second and third master, if it is found that a fourth master is necessary.

Crew.

	Rs.	A.	P.	Per annum.
1 Serang	960	0		„*
1 Tindal	480	0	0	„
10 Lascars, 1st class	3,720	0	0	„
For Auxiliary Machinery, Electric Light, etc.—				
10 stokers, 1st class	3,720	0	0	„
1 Wireman for electric light	1,200	0	0	„
1 Carpenter's mate	840	0	0	„
1 Ship's Steward	720	0	0	„
1 Store keeper (Cassaub)	420	0	0	„
4 Topasses at Rs. 25 per mensem each	1,200	0	0	„
2 Bhandaries at Rs. 25 per mensem each	600	0	0	„
<i>Ward Mess Servants.</i>				
1 Butler	600	0	0	„
1 Servant	420	0	0	„
1 Cook	480	0	0	„
1 Masalehi	360	0	0	„
<i>Educational Staff Mess.</i>				
1 Servant	420	0	0	„
<i>Warrant Officers Mess.</i>				
1 Servant	420	0	0	„
Clothing for all the above at Rs. 15 per annum	570	0	0	„
Messing for the above at 10 annas per diem each	8,668	12	0	„
Total	25,798	12	0	„
<i>Cadets' Boarding.</i>				
120 cadets food at Re. 1 per diem for eight months	28,800	0	0	„
3 cooks at Rs. 35 per mensem each	1,260	0	0	„
3 Masalehis at Rs. 30 per mensem each	1,080	0	0	„
Total	31,140	0	0	„
<i>Stores and upkeep.</i>				
Prizes, educational instruments and books	3,000	0	0	„
Recreation and sports	1,000	0	0	„
*Stores, Oil fuel for lighting fans, sanitary, etc.	45,000	0	0	„
Water	2,000	0	0	„
†Annual repairs and docking	25,000	0	0	„
Total	76,000	0	0	„

* Including petrol for motor launch.

† Annual and emergency repairs will be carried out at the Royal Indian Marine Dock Yard on payment.

M268CD

APPENDIX "C".

Estimate of expenditure involved in converting and using R. I. M. S. "Dufferin" as a training Ship.

	<i>Labour.</i>	<i>Material.</i>	<i>Total.</i>
	Ra.	Ra.	Ra.
<i>Capital Expenditure</i> as per Appendix "A".	95,468	1,02,580	1,98,048
Awnings, etc., as per Appendix "A"	..	..	25,000
	Grand Total Ra.		2,23,048
	Say Ra.		2,50,000
<i>Recurring expenditure</i> (Appendix "B")	Ra.	A. P.	
Officers and Instructional charges .	81,675	0 0	
Crew	13,860	0 0	
Ward Mess Servants	1,860	0 0	
Educational Staff Mess, Warrant Officers Mess, Clothing, Messing, etc.	10,078	12 0	
Cadets' Boarding	31,140	0 0	
Stores and Upkeep	76,000	0 0	
	Total of recurring expenditure		2,14,613 12 0
<i>Receipts—</i>			
<i>Fees—</i>			
			Ra.
32 cadets for 8 months @ Rs. 50			12,800
18 cadets for 8 months @ Rs. 25			3,600
			16,400

APPENDIX D.

H. M. S. WORCESTER, DAILY ROUTINE.

<i>Monday.</i>		<i>Tuesday.</i>	
A. M.		A. M.	
6-0	Night watchman calls Instructors and Galley Hands.	6-0	Night watchman calls Instructors and Galley Hands.
7-0	Cadets called. First part to wash.	7-0	Cadets called. First part to wash.
7-30	First part fall in for 10 mins. Physical Drill.	7-30	First part fall in for 10 minutes. Physical Drill.
7-40	Second part fall in for 10 mins. Physical Drill.	7-40	Second part fall in for 10 minutes. Physical Drill.
7-55	Divisions and Prayers.	7-55	Divisions & Prayers.
8-0	Hoist Colours. Band salute cadets facing aft.	8-0	Hoist Colours. Band salute cadet facing aft.
8-1	Pipe Breakfast.	8-1	Pipe Breakfast.
8-30	Clear up Decks.	8-30	Clear up Decks.
8-50	Rig School. Main Deck.	8-50	Rig School. Main Deck.
9-0	School.	9-0	School.
11-0	Stand Easy 10 Minutes.	11-0	Stand Easy 10 minutes.
11-10	School.	11-10	School.
12-0	Dismiss School.	12-0	Dismiss School.
P. M.		P. M.	
12-5	Hands to Sections.	12-5	Hands to Sections.
12-55	Dismiss Sections.	12-55	Dismiss Sections.
1-0	Pipe Dinner.	1-0	Pipe Dinner.
1-30	Clear up Lower Deck.	1-30	Clear up Lower Deck.
1-55	Rig School.	1-55	Rig School.
2-0	School.	2-0	School.
4-30	Dismiss School. Clear up Decks.	4-30	Dismiss School. Clear up Decks.
5-30	Pipe Tea.	5-30	Pipe Tea.
6-0	Stand Easy.	6-0	Stand Easy.
7-30	Clear up Main & Lower Decks.	6-30	First Section to Model Room for lecture. Electricity.
8-0	Pipe Supper.	7-30	Clear up Main & Lower Decks.
8-30	Prayers. Cadets turn in.	8-0	Pipe Supper.
9-0	Badge Cadets turn in.	8-30	Prayers. Cadets turn in.
9-30	Pipe down. Silence on the Lower Deck.	9-0	Badge Cadets turn in.
10-0	Cadet Captains turn in.	9-30	Pipe down. Silence on the Lower Deck.
		10-0	Cadet Captains turn in.

<i>Wednesday.</i>	<i>Thursday.</i>
A. M.	A. M.
6-0 Night watchman calls Instructors & Galley Hands.	6-0 Night watchman calls Instructors & Galley Hands.
7-0 Cadets called. First part to wash.	7-0 Cadets called. First part to wash.
7-30 First part fall in for 10 minutes. Physical Drill.	7-30 First part fall in for 10 minutes. Physical Drill.
7-40 Second part fall in for 10 minutes. Physical Drill.	7-40 Second part fall in for 10 minutes. Physical Drill.
7-55 Divisions & Prayers.	7-55 Divisions & Prayers.
8-0 Hoist Colours. Band salute cadets facing aft.	8-0 Hoist Colours. Band salute cadets facing aft.
8-1 Pipe Breakfast.	8-1 Pipe Breakfast.
8-30 Clear up Decks.	8-30 Clear up Decks.
8-50 Rig School. Main Deck.	8-50 Rig School.
9-0 School.	9-0 School.
11-0 Dismiss School.	11-0 Stand Easy 10 minutes.
11-10 Fire Stations. Abandon ship. Scrub Upper Deck.	11-10 School.
P. M. Clean down ladders Sand wash clothes, etc.	P. M.
1-0 Pipe Dinner.	12-5 Hands to Section.
1-30 Shore Party to clean.	12-55 Dismiss Sections.
2-0 Shore Party fall in.	1-0 Pipe Dinner.
5-0 Hoist recall.	1-30 Clear up Lower Deck.
5-30 Pipe Tea.	1-55 Rig School.
6-0 Free Game Room & Library.	2-0 School.
7-30 Clear up Main & Lower Decks.	4-30 Dismiss School.
8-0 Pipe Supper.	5-30 Pipe Tea.
8-30 Prayers. Cadets turn in.	6-0 Stand Easy.
9-0 Badge Cadets turn in.	6-30 Stand Easy.
9-30 Pipe down. Silence on the Lower Deck.	7-30 Clear up Main & Lower Decks.
10-0 Cadet Captains turn in.	8-0 Pipe Supper.
	8-30 Prayers. Cadets turn in.
	9-0 Badge Cadets turn in.
	9-30 Pipe Down. Silence on the Lower Deck.
	10-0 Cadet Captains turn in.

<i>Friday.</i>	<i>Saturday.</i>
A. M.	
6-0 Night watchman calls Instructors & Galley Hands.	6-0 Night watchman calls Instructors and Galley Hands.
7-0 Cadets called. First part to wash.	7-0 Cadets called. First part to wash.
7-30 First part fall in for 10 minutes. Physical Drill.	7-30 First part fall in for 10 minutes Physical Drill.
7-40 Second Part fall in for 10 minutes. Physical Drill.	7-40 Divisions & Prayers.
7-55 Divisions & Prayers.	7-55 Second part fall in for 10 minutes Physical Drill.
8-0 Hoist Colours. Band Salute Cadets facing aft.	8-0 Breakfast.
8-1 Pipe Breakfast.	8-30 Place scrub deck ear. Get boats alongside.
8-30 Clear up Decks.	9-0 Hands scrub & wash decks. Clean ship.
8-50 Rig School.	11-30 If Decks are finished all sections 30 mins. Signals.
9-0 School.	1-0 Pipe Dinner.
11-0 Stand Easy 10 minutes.	2-0 Shore Party to clean.
11-10 School.	2-30 Shore Party fall in.
12-0 Dismiss School.	4-30 Recall Hoisted.
P. M.	5-0 Clear up Decks.
12-5 Hands to Sections.	5-30 Tea.
12-55 Dismiss Sections.	6-0 Free Library & Game Room.
1-0 Pipe Dinner.	7-30 Clear up Main & Lower Decks.
1-30 Clear up Lower Decks.	8-0 Pipe Supper.
1-55 Rig School.	8-30 Prayers. Cadets turn in.
2-0 School.	9-0 Badge. Cadets turn in.
4-30 Dismiss School.	9-30 Pipe Down. Silence on Lower Deck.
5-30 Pipe Tea.	10-0 Cadet. Captains turn in.
6-0 Stand Easy.	
6-30 Stand Easy.	
7-30 Clear up Main & Lower Decks.	
8-0 Pipe Supper.	
8-30 Prayers. Cadets turn in.	
9-0 Badge Cadets turn in.	
9-30 Pipe Down. Silence on the Lower Decks.	
10-0 Cadet Captains turn in.	

<i>Sunday.</i>	<i>Summer Months.</i>
<p><i>A. M.</i></p> <p>6-0 Hands called by Night watchman.</p> <p>7-0 Cadets called. First Part to wash.</p> <p>7-30 Second Part to wash.</p> <p>7-55 Hoist Colours & Prayers.</p> <p>8-0 Pipe Breakfast.</p> <p>8-30 Clear up Decks for inspection. Cadets to Clean.</p> <p>9-45 Clear off Lower Deck. Divisions after rounds are made.</p> <p>11-0 Rig Church.</p> <p>1-0 Pipe Dinner.</p> <p>2-0 Shore Party to clean.</p> <p>2-30 Cadet Captains going on shore fall in. Free Library.</p> <p>4-30 Clear up Decks.</p> <p>5-0 Pipe Tea.</p> <p>6-45 Rig Church.</p> <p>7-0 Church.</p> <p>8-0 Unrig Church. Pipe Supper.</p> <p>8-30 Cadets turn in.</p> <p>9-0 Badge Cadets turn in.</p> <p>9-30 Pipe Down. Silence on the Lower Deck.</p> <p>10-0 Cadet Captains turn in.</p>	<p><i>P. M.</i></p> <p><i>Special Summer Routine.</i></p> <p>5-0 Pipe Tea.</p> <p>5-30 Non duty Forms or Sections clean for games.</p> <p>6-0 Shore Party fall in & landed.</p> <p>Mondays { English Classes. Ashore. Nautical Classes. School.</p> <p>Thursdays { Nautical Classes. Ashore. English Classes. School.</p> <p>Non school nights sections will land remainder will do "Seamanship."</p> <p>6-30 School.</p> <p>7-45 Dismiss School.</p> <p>Shore party return on board.</p> <p>8-10 Clear up Decks.</p> <p>8-30 Pipe Supper.</p> <p>9-30 Prayers. Cadets turn in.</p> <p>10-0 Cadet Captains turn in.</p> <p><i>Winter Months.</i></p> <p>Monday and Thursday only.</p> <p>7-0 Evening School.</p> <p>8-0 Dismiss School.</p>

APPENDIX E.

H. M. S. "WORCESTER."
School Syllabus.

Number of Periods (of about 50 minutes) devoted to each subject per week.

	1st Naut.		2nd Naut.		3rd Naut.		Remove.		1st English.		2nd English.	
	T.	P.	T.	P.	T.	P.	T.	P.	T.	P.	T.	P.
Scripture	1½	..	1½	..	1½	..	1½	..	1	..	1½	..
Dictation . . . . .	..	..	..	..	..	..	..	..	2½	..	3	..
English	1½	½	1½	½	1½	½	2½	½	2½	½	2½	½
History	1½	½	1½	½	1½	½	2½	½	2½	½	2½	½
Geography	2	..	2	..	2	..	2	..	2	1	2	1
French . . . . .	..	..	..	..	3	1	3	1	3	1	3	1
Arithmetic . . . . .	..	..	..	..	2	..	2	..	4	1	4	1
Algebra	2	..	2	..	2	..	2	..	3	1	4	1
Geometry	2	..	2	..	2	..	2	..	2	1	3	1
Trigonometry	2	..	2	..	2	..	3	1	..	..	..	..
Navigation	2	1	3	1	3	2	3	2	..	..	..	..
Naut. Astronomy	4	2	3	2	..	..	..	..	..	..	..	..
Meteorology	1	..	2	..	2	..	2	..	2	..	..	..
Magnetism!	1	..	2	..	..	..	..	..	..	..	..	..
Mechanics	2½	½	1½	½	1½	½	..	..	..	..	..	..
Science	2½	½	1½	½	1½	½	..	..	..	..	..	..
General Maths . . . . .	..	1	..	1	..	1	..	1	..	..	..	..
Total	24½	6	24½	6	24½	6	24½	6	24½	6	24½	6

T—TEACHING PERIOD.

P—PREPARATION.

English Syllabus.

- II. English . . . (a) Set-book. Scotts' "Old Mortality."
- I. English . . . (b) Reproduction of a simple story and easy compositions.
(c) Meanings of various phrases, abbreviations, etc.
- Remove . . . (a) Set-book. Scotts' "Old Mortality."
(b) Composition.
(c) Meanings of various phrases, abbreviations, etc.
- III. Nautical . . . (a) Set-book. Callender's "Sea-Kings of Britain." Vol. 3.
- II. Nautical . . . (b) Composition.
- . . . Nautical . . . (a) Set-book. Sheridan "The Rivals."
(b) Composition—a weekly essay—subject announced on Monday—written in school on Friday.
(c) Reproduction and Precis.

Geography Syllabus.

The subject set for annual examination by the Royal Geographical Society is one of the Oceans. Consequently, during the first two terms of the School year attention is devoted (in the middle and Upper forms) to consideration of the countries bordering that ocean. The third term is devoted to revision and to the consideration of ocean currents, winds, depths, cables and smaller islands.

- II. English . . . (a) Elementary ideas of latitude and longitude, simple definitions of physical features, etc.
(b) Outlines of geography of British Isles; chief ports; manufacturing districts; (no detailed knowledge of Countries) climate.
(c) Position of chief countries, their capitals and ports.
- I. English . . . (a) as in (a) in II. English and in addition.
(b) Outlines of countries bordering Ocean under consideration for Royal Geographical Society Examination.
- Remove . . . (a) Regional geography of Countries bordering Oceans.
(b) Physical geography Solar System; Motions of Earth, Seasons, latitude and longitude Eclipses. Action of rivers; deltas; Snow and Ice; Coral reefs; volcanoes.
- III. Nautical . . . (a) Regional geography of Countries bordering Ocean.
(b) Physical geography. Oceans, depths, currents, tides, atmosphere; temperature; winds; trade winds, etc.
- II. Nautical . . . (a) as for III. Nautical
(b) Physical geography revision of above.
(c) Map projections.
- I. Nautical . . . All above. In addition economic development of British Empire; chief Trade-Routes; Imperial Communications.

History Syllabus.

No attempt is made to teach English History prior to 1485. The subsequent period (1485 to the present day) is subdivided as follows :

I. 1485-1689 II. 1689-1815 III. 1815-present day.

Each of the foregoing subdivisions occupies one year.

In addition a rough outline of the development of the Chief European nations and of the British Empire is taught in the Upper forms.

- II. English . . . The main facts of the period under consideration.
- I. English . . . Text book used : Ransome's "Elementary History of England"
"Remove" . . . The same treated more fully.
- III. Nautical . . . Text book : Warner & Martens "Groundwork of English History."
- II. Nautical . . . (a) As for III. Nautical but in addition.
(b) Rough outline of contemporary European History—*e.g.*, map of Europe about 1500 A. D; Empire, Spain & France; Turks. Renaissance; Reformation; Rise of United Provinces; Thirty years' war; Richelieu; Wars of Louis XIV; Map of Europe 1713; Rise of Prussia; Maria Theresa and War of Austrian Succession; Seven Years' War; Partitions of Poland; Russian advance to South; French Revolution Napoleon; Map of Europe 1815.

N. B.—(b) is given in the form of lectures with the help of prepared cyclostyled notes.

- I. Nautical . . . *Growth of British Empire.* (a) Various types of colony: early voyages of discovery:
(b) India—early history—invasions—Mughal Empire; religion; Early European settlements; Dupleix & Clive; Warren Hastings; India Bills;—Wellesley; Mahratta Wars; Sikh Wars; Dalhousie; Canning; Mutiny; Afghan Wars; Recent legislation. Government of India.
(c) American Colonies: European settlements in N. America. Anglo-French struggle—Conquest of Canada; Effect of mercantile system on American Colonies; War of Independence; "Quebec Act," Ontario settled; "Canada Act" of 1791; Expansion to West; "Reunion Act;" B. N. America Act; Government of Canada; Senate & Commons. Modern development, C. P. R.
(d) Australasia. Early discoveries; Tasman; Dampier; Cook; Development of N. S. W. growth of other Colonies; Australian Federation Act of 1900. Government of Australia; New Zealand.
(e) South Africa—Dutch settlements, British Occupation Crown Colony; Boer Trek; Transvaal Republic; Kafir Wars; Natal; Attempts at Federation; Zulu War; First Boer War; B. S. A. Company; Subjugation of Matabeleland; Gold in Transvaal; Question of franchise, Great Boer War; Self-Government granted—Union Act of 1909. Rhodesia.
(f) Remaining British possessions.
(g) Effects of Peace Treaty 1919. Mandated Areas.

N. B.—The above is taught by lectures with the help of prepared cyclostyled notes.

Each course is timed to occupy two terms, the third term being used for revision.

Arithmetic Syllabus.

Text Book. Godfrey & Price. Four-Figure Tables. Godfrey & Siddons.

- 2nd English** . . . 5 periods per week.
Weights & Measures.
The Four Simple Rules.
Reduction, Compound Rules, Practices.
Unitary Method without Fractions.
Areas & Volumes without Fractions.
Prime Numbers, H. C. F., L. C. M., Roots by Prime Factors.
- 1st English** . . . 5 periods per week.
Fractions.
Decimals. (Not recurring.)
Square, Square root & Reciprocal Tables.
Logarithms. (Taught from Godfrey & Siddons' Algebra Ch. XV.)
Unitary Method with Fractions.
Metric System.
Ratio & proportion.
Harder Areas & Volumes.
Problems.
- Remove** . . . 2 periods per week.
Revise former work especially logarithms.
Percentage.
- 3rd Nautical** . . . 2 periods per week.
Revise former work.
Approximation.
Interest.
Stocks & Shares.
Circle & Cylinder.

Algebra Syllabus.

Text Book. Durell & Palmer. Part 1.

- 2nd English** . . . 5 periods per week.
The use of letters.
Generalised Arithmetic (not Fractions).
Addition, Subtraction, Multiplication, Division, Squares.
Square Roots, H. C. F. L. C. M. Brackets, Unitary Method.
Negative Numbers.
Simple Equations & Problems thereon.
- 1st English** . . . 4 periods per week.
Fractions.
Graphical Work.
Simultaneous & Problems thereon.
Factors.
Indices (Godfrey & Siddons' Algebra Chapter XV).

Algebra Syllabus—contd.

Remove	. . .	2 periods per week. Revise former work. Quadratics & Problems thereon.
3rd Nautical	. . .	2 periods per week. Revise former work. Simultaneous Quadratics. Literal Equations. Graphical solution of Quadratics
2nd Nautical	. . .	2 periods per week. Revise former work. Harder Multiplication & Division. Identities. Harder Fractions & Equations.
1st Nautical	. . .	2 periods per week. General Revision.

Geometry.

2nd English	. . .	Text Book. Durell's Elementary Geometry. 4 periods per week. Solid, surface, line, point. Measurement of straight lines. Direction. Angle Measurement of angles. Angles at a point. Parallel lines. Angles of a triangle and polygon Use of compasses. Tests for congruence. Ambiguous case. Similar triangles and drawing to scale. Isosceles triangle. Inequalities. Parallelograms and congruence.
1st English	. . .	3 periods. Fundamental constructions. Construction of triangles from given data. Intercept theorems and constructions. Pythagoras' theorem. The tangent of an acute angle. The sine and cosine of an acute angle.

Geometry—contd.

- Remove** . . . 2 periods.
- Area of rectangle.
 - Area of parallelogram and triangle.
 - Area of trapezium.
 - Area constructions.
 - Symmetrical properties of circle.
 - Angle properties of circle.
 - Tests for conyclic points.
 - Equality of area.
 - Tangent properties.
 - Construction of tangents.
 - Mensuration of circle.
 - Construction of circles from various data.
 - Regular polygons.
- 3rd Nautical** . . . 2 periods.
- Geometrical representation of identities.
 - Segments of a straight line.
 - Extensions of Pythagoras' theorem.
 - Apollonius' Theorem.
 - The rectangle contained by segments of a chord of a circle.
 - Meaning of a locus.
 - Use of loci in constructions.
 - Theorems on loci.
- 2nd Nautical** . . . 2 periods.
- Meaning of ratio.
 - Proportional division of lines.
 - The bisector of an angle of a triangle.
 - Tests for similarity.
 - Mean proportional.
 - Properties of the circle.
 - Areas of similar figures.
 - Constructions depending on similarity.
- 1st Nautical** . . . 2 periods.
- General Revision.
 - Solid Geometry.*—(Taught from Godfrey & Siddons Geometry.)
 - Prism & Cylinder. Pyramid. Cone.
 - Inclination of Line and plane and Plane to Plane.
 - Sphere. Elementary Plan and Elevation.

Trigonometry.

		Text book Piggotts' Trigonometry.
1st English	.	Included in Geometry syllabus.
	.	The tangent of an acute angle.
	.	The sine and cosine of an acute angle.
Remove	.	4 periods per week.
	.	Explanation of Godfrey & Siddons Tables.
	.	Examples on sine, cosine and tangent involving problems in two dimensions only.
	.	Use of Traverso Table.
	.	Cotangent, secant, and cosecant.
	.	Examples on the six ratios involving problems in two dimensions only.
	.	Solution of plane triangles.
	.	Use of haversines.
	.	Elementary consideration of the sphere.
3rd Nautical	.	2 periods.
	.	Areas of triangles.
	.	Circular measure of angles.
	.	Further consideration of the sphere.
	.	Proofs of the fundamental formulæ for compound angles.
	.	Continue solutions of plane triangles introducing simple problems in three dimensions.
	.	Proofs of cosine, natural $\text{hav}\theta$ and natural $\text{hav}\phi$ formulæ for spherical triangles.
	.	Explanation of Inman's Tables for following work.
	.	Solution of spherical triangles by Nat. $\text{hav}\theta$ and Nat. $\text{hav}\phi$ formulæ.
2nd Nautical	.	2 periods.
	.	Revision of Third Nautical Work.
	.	Areas of triangles by Heron's Rule.
	.	Area of Sector of a circle.
	.	Circular measure and small angles.
	.	Angles greater than 180.
1st Nautical	.	2 periods. General Revision. Special stress on Problems in 3 dimensions.

SCIENCE.

3rd Nautical.

Syllabus of work for ten effective weeks at two periods per week.

1. Physical bodies. Differences between solids, liquids, and gasses. General properties of matter briefly in the light of molecular theory.

2. Heat a form of energy. Difference between quantity of heat and temperature. Expansion the general effect of rise of temperature.

SCIENCE—contd.

3rd Nautical—contd.

2. Construction of mercury thermometer. Conversion of one scale of temperature to the others.
4. Expansion of gasses under constant pressure. Absolute scale. Maximum and minimum thermometers.
5. Unit of heat. Specific heat.
6. Latent heat of fusion. Latent heat of evaporation.
7. Relation of pressure to volume of a gas under constant temperature.
8. Vapour pressure. Dew point. Hygrometry.
9. Conduction, convection, and radiation of heat.
10. General Revision.

2nd Nautical.

Syllabus of work for ten effective weeks at two periods per week.

1. Light the form of radiation that effects the sight. Brief account of its relation to radiant heat, electricity etc.
2. Rectilinear propagation of light. Laws of reflection of light from a plane mirror. Application to sextant.
3. Application of reflection to sextant continued. Also to the artificial horizon.
4. Shadows. Eclipses of sun and moon.
5. Refraction of light. Prisms and lenses.
6. The telescope.
7. Nature of sound and its propagation.
8. Period of vibration, wave length.
9. Syren. Echo.
10. General Revision.

1st Nautical.

Syllabus of work for ten effective weeks at three periods per week.

1. Frictional electricity. Conductors and insulators. Positive and negative electricity.
2. Distribution of electrical charge. Power of points. Electrical induction.
3. Electric potential. Electrical discharge. Lightning and lightning conductors
4. The electric current. Electric cells.
5. Electric resistance. Ohm's law.
6. Electro-chemical action. Chemical work in batteries.
7. Accumulators.
8. Electro-magnetic induction.
9. Dynamo and motor. Radio-electrics.
10. General revision.

MECHANICS.

3rd Nautical.

Syllabus of work for ten effective weeks at two periods per week.

1. Measurement of length. British and Metric units—conversion from one system to the other. Use of micrometer screw.
2. Principle and use of vernier. Practical applications of the vernier to barometer and sextant.
3. Unit of time. Velocity. Uniform rectilinear velocity. Consideration of relative velocities of passing bodies.
4. Composition and resolution of velocities. Questions involving river and current sailing.
5. Acceleration and retardation. Acceleration due to gravity.
6. Mass. British and Metric units.—conversion from one system to the other. Use of chemical balance.
7. Momentum. General Revision to this point.
8. Force as the rate of change of momentum—also as product of mass and acceleration. Weight and its difference from mass. The spring balance.
9. The composition and resolution of forces. Parallelogram, triangle, and polygon of forces.
10. Practical application of parallelogram law in inclined plane, derrick, etc. General Revision.

2nd Nautical.

Syllabus of work for ten effective weeks at two periods per week.

1. Moments of forces. Composition and resolution of forces in parallel direction. The three classes of lever.
2. Practical applications of levers. The pulley considered as an infinite number of so-axial levers.
3. Pully systems. Wheel and axle. Winch. Screw-jack.
4. Work measurement. Its application to point out compensation for power obtained by elementary machines dealt with in previous lessons.
5. Energy measurement. Definition of the horse-power. Frictional forces and elementary considerations of mechanical efficiency.
6. General revision to this point.
7. Measurement of area. British and Metric systems. Conversion from one system to the other.
8. Simpson's rule.
9. Measurement of volume. Density measurement.
10. Specific gravity. General calculations of weights of solids and liquids of given dimensions.
 - Longitudinal Inclinations.
 - Trim and Change of Trim.
 - Moment to Change Trim 1 inch.

METEOROLOGY.

Text Book. Barometer Manual.

- 1st English and Re-* 2 periods per week.
move.
- Instruments. (Chapter I and Appendix I.)
Corrections of Barometer Readings, both scales.
- 3rd Nautical* . . . 2 periods.
Revise former work.
Atmospheric Pressure. (Chapter II.)
Variations of Pressure. (Chapter III.)
Beaufort Notation.
- 2nd Nautical* . . . 2 periods.
Revise former work.
Winds. (Chapter IV.)
Tropical Revolving Storms. (Chapter VI.)
Clouds, 4 principal types. (Admiralty Manual of Navigation.)
Gales in Temperate Zones. (Chapter V.)
- 1st Nautical* . . . 1 period.
General Revision.
Weather Forecasting.

In addition to the above, a general knowledge of the Meteorology of the Ocean is included in the Geography syllabus of each form.

Navigation Syllabus.

- Books used* Iraman's Tables, and Examples in Navigation for the use of Cadets at the R. N. College, Dartmouth.
- Remove* 5 periods per week.
The Sphere and the Earth.
Parallel Sailing.
Plane Sailing.
Middle Latitude Sailing.
Days work.
Correction of Courses and Bearings.
Explanation of Mercator's Chart.
Construction of Plotting Chart.
- On Admiralty Charts* Fixing by Bearing and Distance.
Fixing by Cross Bearings.
Running Fixes No. tide.
- 3rd Nautical* 5 periods.
Mercator Sailing.
Great Circle Sailing (Distance and Initial and Final Courses only.)
Construction of Mercator's Chart.
Conversion of Longitude into Time.
Zone Time.
Notation of Admiralty Chart.
Buoys, Lights and Light Vessels in U. K.
Revision of former work.

- 4th Admiralty Charts* . . . 4 Point Bearings.
 Keeping reckoning in a Tideway.
 Running Fixes with Tide.
 Revision of former work.
- 2nd Nautical* . . . 4 periods per work.
 Great Circle Sailing. (Latitude and Longitude of Vertex.)
 Revision of former work.
- 3rd Admiralty Chart.* . . Laying off a course allowing for a current.
 Revision of former work.
- 3rd Sextant* . . . Principles.
 Reading on and off the arc.
 Perpendicularity, Side Error, Index Error.
- 2nd Nautical* . . . 3 periods per week.
 Revision of Former work.
 Composite Sailing. Fixing by Station Pointer.
 Construction of mercator's Chart without protractor.
- 3rd Sextant* . . . Centring and Collimation Error.
 Measuring of Vertical and Horizontal Angles.
- Tides* . . . Short Explanation. Use of Tidal Diagrams.
Nautical Astronomy Syllabus.
- 2nd Nautical* . . . 5 periods per week.
 The Celestial Sphere. Geographical Position. Celestial Poles.
 Equator. Meridians. Ecliptic. First Point of Aries.
 Declination. Parallels of Declination. Polar Distance.
 Zenith. Celestial Horizon. Observer's Meridian N. E. S. W.
 Points of Horizon. Latitude P. N. Prime Vertical. Altitude
 Azimuth, Hour Angle. Circle of Position, Projection of Celestial
 Sphere on plane of Horizon. Examples of drawing the
 triangle PZX and solving for Zenith Distance and azimuth.
 Apparent Solar Day and Apparent Solar Time, Mean Sun, Mean
 Time, Equation of Time, H. A. T. S. H. A. M. S. G. M. T.
 G. H. A. M. S. G. H. A. T. S. Conversion of Longitude into
 Time, Zone Time. G. D. D. W. Error and Exact G. M. T.
 The Nautical Almanac. Finding Exact Declination and
 Equation of Time. Calculation of H. A. T. S.
 Modification of haversine formula to $\text{hav } z = \text{hav } (l + d) + \text{coscosd } \text{hav } H. A. T. S.$
 Calculation of Zenith distance and azimuth (arrangement as in
 Admiralty Manual p. 148).
 Corrections to be applied to and observed altitude of Sun's L. L.
 Theory of the Position Line.
 Complete working of a sun sight (As in Admiralty Manual p.
 157). Sun Meridian Altitude, regarded as a special case of
 the intercept method. D. W. T. and Zone Time of Noon.
 Fix by Sun Sight and shore bearing with or without rim
 by plotting on Admiralty Chart.
 Fix by 2 sun sights (one of which may be a meridian altitude).
 by plotting on Admiralty Chart.
- 1st Nautical* . . . 6 periods per week.
 General Revision of Sun Sights.
 Deviation by Sun Time Azimuths and Amplitudes

Position Lines by Star and Planet sights.

Latitude by Polaris.

Position Line by Moon Sight.

Star and Planet Meridian Altitudes.

Moon Meridian Altitude.

Deviation by Star Planet and Moon.

Deviation by Polaris.

Ex-Meridian Altitudes.

Fixing by any two sights by plotting either on an Admiralty or a Plotting Chart.

Finding the time of Transit of Stars, Planets and Moon.

Finding what bodies cross the meridian during a given interval.

Magnetism.

2nd Nautical

2 hours per week.

Magnets. Hard Iron. Soft Iron Terrestrial Magnetism.

Variation. Deviation. Dip.

Permanent Magnetism of a Ship. Induced Magnetism.

Hard Semi-circular Error, Soft Semi-Circular Error.

Quadrantal Error. Heeling Error.

Use of Fore and Aft. Athwartship and Vertical Magnets.

Flinder's Bar and Spheres.

Napier's Diagram.

1st Nautical

1 hour per week.

Explanation and Calculation of the Co-efficients.

Corrections illustrated by the Devioscope.

APPENDIX.

SEAMANSHIP INSTRUCTION.

The Cadets are divided into four sections; each of those sections, except the 1st or Senior section is divided into two groups. The Sections are accordingly 1, 2a, 2b, 3a, 3b, 4a, 4b, in order of seniority.

New Cadets are drafted into 4b, and if successful in their term examination, they pass into 4a. At this elementary stage failures to pass up after one term are very infrequent. Promotion then follows in normal conditions to higher groups and so on to the 1st Section.

The 1st Section is naturally the aim of all Cadets, and competition to fill vacancies in this Section is keen. In the first Section examination results have the following relation to the final certificate awarded:—

75 per cent. and over	. . .	First Class Extra.
50 per cent. to 74 per cent.	. . .	First Class.
Below 50 per cent.	. . .	Ordinary.

In the second Section certificates are awarded as follows:—

90 per cent. and over	. . .	First Class.
Below 90 per cent.	. . .	Ordinary.

No certificate is awarded to a Cadet who has not been promoted at least to the 2nd Section.

The following times are devoted to Seamanship.

12-5 P.M.—12-55 P.M. daily except Wednesdays and Saturdays.

On Wednesdays (Following Fire Stations and Abandon Ship) decks are usually cleaned down, but we manage also to send one section to Seamanship and one to Signals.

On Saturdays all sections go to Signals for 30 minutes after "Scrub Decks."

The Seamanship Manual is that written by Sir David Wilson Barker, and every encouragement is given to Cadets to use additional books by other standard writers.

The examinations are based on Sir David Wilson Barker's book and these examinations are held at mid-term and end of term.

An inspection of the Ship's Routine Table will show that a lecture in Elementary Electricity is given to the 1st Section every Tuesday from 6-30 to 7-30 P.M., and on Fridays a lecture on Steam is given from 12-5—12-55 P.M. Thus the Seamanship lectures are reduced to three per week for the 1st Section.

The Subjects are dealt with in broad outlines during the lecture periods, and Cadets are urged to work on the details during the evenings.

Seamanship Instruction Staff.

Chief Officer.

Second Officer.

Six Seamanship Instructors.

Daily at 11-45 A.M. the Chief Officer issues orders to the Instructors as to their Sections and subjects to be taken.

The Instructors take Sections 4b. to 2a. inclusive. The Chief and Second Officers share instruction of the 1st Section and from time to time, take, without warning, one of the other groups to inform themselves that the work of their subordinates is being carried on efficiently. Signals are commenced in group 3b. and are continued throughout the higher groups.

Movement upward may be accelerated in the case of a deserving Cadet, and disrating in the very rare cases of slacking, is also adopted.

Syllabus of Electrical Subjects as taken on H.M.S. "Worcester."

1. Introduction of Electrical apparatus as found in Marine practice with special reference to modern ships, etc.

2. *Lighting*.—Explanation of various types of Lamps—their use. Methods of connecting with proper protective devices, etc.
3. *Elect. Power*.—Description of generators, motors, etc. Their design and construction, also application and proper maintenance.
4. *Auxiliary Units*.—Such as Hoists, Winches, electrically driven and controlled. Their use and proper maintenance.
5. *Elect. Bell and Telephones*.—Principles of action with a general arrangement of various circuits.
6. *Batteries and accumulators*.—Description of the construction and various uses of primary Cells. Also the proper use of Storage batteries.

ENGINEERING.

Course of Ten Lectures given to the Cadets of H.M.S. "Worcester" by Engr. Lt. Rickinson, R. N.

1. Boiler construction and sketches. Tank and water tube boilers.
2. Boiler mountings, water gauge, etc., with sketches.
3. Compound triple expansion engines, with sketches.
4. All pipe arrangements connected with boilers and engines.
5. Auxiliary machinery, pumps, etc.
6. Principles on which various types of marine engines work, including internal combustion engines.
7. Steering gear, windlass and winches.
8. Short description of the indicator card.
9. Description of dynamo engine.
10. Use of condensers, evaporators, etc.

The above lectures are given in detail with blackboard sketches. At the end of the course an examination paper is set requiring answers in all the above subjects, with sketches.

Fourth Section.

Note.—This Section is divided into two parts, comprising 1st and 2nd Term Cadets

Building of a ship (elementary).
 Description of parts of Hull.
 Names of spars and fittings aloft in a Four Masted Ship.
 Names of Sails and Riggings in a four masted Ship.
 Going aloft.
 Compass and Helm.
 Boats. Parts of Method of building.
 Life Boats. Methods of Stowing Boats.
 How to take a boat away at Sea.
 Boat Pulling. (Teaching to Row.)
 Watches and Time. (Method of.)
 Belaying pins, Cleats, Coiling down Ropes.
 International Code—Colours and principal meanings
 Meaning of Dipping the Ensign.
 Salutes.
 Use of lifebuoys.
 Glossary of Sea Terms.

Third Section.

Note.—This Section is in two parts, comprising 2nd and 3rd Term Cadets
In addition to 4th Section work :—

Lead and Line.

Common and Patent Log.

Tackles and purchases (lightly touched on).

Signals. Semaphore.

Morse Code—learn alphabet.

Knowledge of ships' lights—their range of visibility, etc.

All about ropes and lines.

How to make Bends and Hitches (practical).

Use of Bends and Hitches.

Parts of all Fore and Aft Sails.

Parts of all Square Sails.

Making Sennit.

Worm, Parcel and Serve a Rope.

Fittings of Yards and Goffs.

Rigging of Bowsprit and Jibboom.

Whippings.

Seizings.

Running Gear for Square Sails.

Parts of Blocks. How to measure, etc.

Second Section.

Note.—This Section is in two parts, comprising 4th and 5th Term Cadets
In addition to 3rd and 4th Section Work :—

Rigging. Setting up Rigging.

Rattling down Rigging.

Anchors and Cables.

Anchoring a steamer.

Sending Yards up and down.

Sailmaking.

Bending and unbending sails.

Boat Drill. Getting life-boat in and out.

Boat sailing.

Sounding Machine.

Tackles and Purchases, Power gained, etc.

Rocket and Mortar Apparatus.

Schmerley Rocket Gear.

Signals. Flags. Morse Lamp. Morse flag, and semaphore.

Rule of Road Steering and Sailing rules in addition to all lights.

Deep Sea Lead and Line.

Making of Knots (practical).

Rope Splicing—Eye, short and long splices.

First Section.

Note.—This Section is the Senior Section, comprising top boys from 2nd Section—mostly 5th and 6th term Cadets.

In addition to all lower Sections :—

- Lectures on Steam Engineering.
- Lectures on Electrical Engineering.
- Elementary Ship Construction.
- Stability, etc.
- Rigging of Sheers and Derricks.
- Stowage of Cargoes.
- Anchoring and Mooring Ship.
- Laying out Anchors.
- Sea Anchors.
- Rule of Road (fully).
- Method of beaching a Boat in a Surf.
- Practical Boat Sailing.
- Running a line of soundings.
- Effect of a screw propellor going ahead, and astern.
- Man overboard (Method of Rescue).
- Signals, Reading Morse Lamp and Flag, Semaphore at B. O. T. rate.
- Picking out signals from Signal Book.
- Keeping and relieving Watch.
- Glossary of Sea Terms.
- Keeping of Log Book (Both Deck and Meteorological).
- Load line marks.
- Method of determining the strains in topping lofts and derricks.
- Taking of Compass Error. Bearing and laying off of same.
- Wire Splicing. Eye short and long splices.



Report of the
Departmental Committee
appointed to prepare a scheme
for the reorganization of the
Royal Indian Marine

DELHI
GOVERNMENT OF INDIA PRESS
1926

The Departmental Committee on the reorganization of the Royal Indian Marine was convened by the Government of India, with the concurrence of the Secretary of State for India and of the Admiralty, for the purposes set forth in paragraphs 1 and 2 of the Report.

The following were the members of the Committee :—

President.

His Excellency General Lord RAWLINSON, G.C.B., G.C.S.I., G.C.V.O., K.C.M.G., Commander-in-Chief in India.

Members.

His Excellency Rear-Admiral (now Vice-Admiral) H. W. RICHMOND, C.B., R.N., Commander-in-Chief, His Majesty's Ships and Vessels, East Indies Station.

The Hon'ble Sir B. N. MITRA, K.C.I.E., C.B.E., Member of the Council of the Governor-General of India.

E. BURDON, Esq., C.I.E., I.C.S., Secretary to the Government of India, Marine Department.

Captain E. J. HEADLAM, C.S.I., C.M.G., D.S.O., R.I.M., Director of the Royal Indian Marine.

The Committee met at Delhi during February 1925 and prepared their Report, which was approved in draft form by the late Lord Rawlinson before his death in March 1925.

E. BURDON,

Secretary to the Government of India,

Marine Department.

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REORGANIZATION OF THE ROYAL INDIAN MARINE.

Report of the Departmental Committee.

1. Stated generally the scope of the task entrusted to us is to draw up a scheme for the purpose of putting into effect a policy defined as in the following formula :—

The reconstruction of the Royal Indian Marine as a combatant force, to enable India to enter upon the first stage of her own naval development, and ultimately to undertake her own naval defence.

2. Our terms of reference, arranged for convenience in the order in which we shall deal with them, are as follows:—

To prepare a scheme for the reorganization of the Royal Indian Marine so as to form the nucleus of an Indian Navy, with special reference to—

- (i) The functions to be ultimately performed by the Indian Navy and methods of employment with a view to its undertaking those functions.
- (ii) The number and class of vessels that can be maintained with available budget allotment.
- (iii) Recruitment, strength, training and conditions of service of personnel.
- (iv) Relations between the higher command of Indian Navy, Government of India and Commander-in-Chief, East Indies, including the proposed appointment of Chief Naval Staff, India.
- (v) Provision for and maintenance of vessels including the continuance, or abolition, of the Royal Indian Marine Dockyard.

I.—Functions of the New Navy.

3. By far the most important aspect of the new force in its early ages will be its duty as a training squadron. The new personnel will need to be thoroughly trained in gunnery, minesweeping, harbour defence and seamanship. In this connexion we cannot insist too

strongly on the ships of the Indian Navy becoming from the first a sea-going force. Efficiency and enthusiasm alike will melt away if the new navy remains in port, and practises nothing but harbour defence. A valuable service which we think that the Indian Navy should be able to undertake in the near future, will be the responsibility for policing the Persian Gulf in peace time, by which means the three vessels maintained in those waters by the Imperial Government will be set free.

Of the other duties at present performed by the Royal Indian Marine, we consider that the Marine Survey should be retained, as its work in peace and war is essential to a fighting sea service.

The control of the station ships at Aden, Port Blair, Rangoon and in the Persian Gulf, to attend to the conveyance of troops and officials and to supervise the work of lighting and buoying in the adjacent waters, should not be a function of the new navy. The retention of these responsibilities would not be, in our opinion, compatible with the development of a fighting force. The work of carrying troops can be contracted for commercially at rates which could hardly fail to be cheaper than the existing arrangement.

The new service should also be responsible for Marine transport, at present carried out by the Royal Indian Marine. The cost of storage and maintenance, in this connexion, will be a charge against the Indian Navy.

The functions of the new Indian Navy in peace time will, therefore, be as follows:—

- (a) The training of personnel for service in war.
- (b) The services required by the Indian Government in the Indian Ocean and Persian Gulf.
- (c) The organization of the Naval Defences at Ports which are under the control of the Indian Government.
- (d) Survey work in the Indian Ocean.
- (e) Marine transport work for the Government of India.

We recommend that in accordance with its new functions the service should be known as the "Royal Indian Navy" and should fly the White Ensign, which is the recognised flag of the naval fighting forces of the Empire.

II.—Number and Class of Vessels, etc.

4. On the assumption that these will be the functions of the Indian Navy, we consider that a squadron of 4 sloops, 2 patrol craft vessels, 4 trawlers and 2 survey ships, together with one depôt ship, as already suggested, would suffice to begin with. We estimate that

he net annual cost of maintaining such a force would amount at first approximately to Rs. 63 lakhs as follows:—

	Rs.
Headquarters Staff	2,59,900
1 Depot Ship	3,24,851
4 Sloops	12,04,224
2 Patrol craft vessels	3,59,616
4 Trawlers	1,23,120
Officers on leave	2,08,020
Pensions	9,10,000
Incidental expenses	3,98,740
Subsidy to Admiralty, etc.	19,00,000
Survey ships	4,89,000
Store Department	30,820
Officers training in England and with the East Indies Squadron	52,140
TOTAL	<u>62,60,431</u>

This figure is exclusive of the following items:—

- (1) Rupees 12,50,000 cost of Lighting and Station Ships, which should be met from lighting fees and debited to other departments. At present 2 lakhs of this expenditure is debited to Political estimates and the remaining 10½ lakhs to Marine estimates.
- (2) Rupees 4,00,000 for military launches which will be included in the Military estimates.
- (3) Rupees 1,14,000 on account of transport establishment hitherto debited to His Majesty's Government.
- (4) Pension charges for ratings which will be a negligible figure for the first few years.

As soon as the Indian Navy is in a position to undertake the work of the Royal Navy in the Persian Gulf, it will be necessary to add at least 2 sloops to the force. The additional expenditure will, however, be partly set off by the saving of the existing expenditure of about 4 lakhs a year on fuel for the three Admiralty vessels, and on the refit of the 'Triad'. If our proposals for leasing the dockyard (paragraph 14) are accepted, no separate provision will be required under this head, as the cost of refit is included in the figure for each vessel.

The details of the above figure of Rs. 62,60,431 are given in Appendix 1. The corresponding figure in the Marine Budget for 1924-25 is Rs. 50,07,000, and in the estimates for 1925-26, Rs. 53,17,000. Both these figures are exclusive of the charges for lighting and station ships, and for military launches, mentioned above. Both are also amounts of net expenditure arrived at after deducting receipts. These

receipts are estimated in the Budget for 1925-26 at Rs. 9,33,000 as follows:—

	Rs.
Dockyard Services and Supplies	3,42,000
Hire of vessels	1,98,000
Sale-proceeds of stores	2,00,000
Miscellaneous	1,63,000

No such receipts as the above will accrue under the new scheme, but if the Dockyard is leased as we propose (paragraph 14), the receipts on account of rental will help to reduce the net annual cost of the proposed organization.

If the present cost of the Royal Indian Marine be assumed to be the average of the years 1924-25 and 1925-26, the annual cost of the existing and proposed forces may be compared as in the following statement:—

	Net annual cost.	Lighting and Station Ships and Military Launches.	TOTAL.
	Rs.	Rs.	Rs.
(a) Royal Indian Marine	51,62,000	16,50,000	68,12,000
(b) Indian Navy	62,60,000	16,50,000	79,10,000

Excess of (b) over (a) Rs. 10,98,000

This excess, however, is likely to be reduced to a considerable extent by the leasing of the Dockyard, and still further if, as is contemplated, the Government of India institute a system for the levy of fees for lighting on shipping companies.

5. Apart from recurring expenditure, we estimate that there will be the following initial expenses, assuming that the new sloops will be provided by the Home Government on loan to the Indian Navy:—

	Rs.
Three sloops from England (including one to replace 'Elphinstone')	6,00,000
Fitting them in Bombay for permanent use in Tropics	1,50,000
Alterations to the Depot Ship 'Dalhousie'	50,000
Reconditioning 'Cornwallis'	50,000
Fitting out 4 trawlers	40,000
Additions to 'Baluchi' (P. C. Vessel) for service in Tropics	10,000
TOTAL	<u>9,00,000</u>

III.—Personnel.

6. As shown in detail in Appendix 3, the following establishment Personnel required. of officers and warrant officers will be required :—
Officers.

Flag Officer Commanding	1
Captains	9
Commanders	19
Lieutenant-Commanders and Lieutenants	42
Sub-Lieutenants	8
Midshipmen	4
Boatswains	14
Engineer Captain	1
Engineer Commanders	5
Engineer Lieutenant-Commanders, Engineer Lieutenants and Engineer Sub-Lieutenants	38
Assistant Surgeons	6

The figures for executive and engineer officers include provision for the following port appointments at Calcutta, Rangoon, Madras, Bombay, Karachi and Aden :—

Captains	5
Commanders	6
Lieutenant-Commander	1
Engineer Commanders	3
Engineer Lieutenant-Commanders	10
Boatswain	1

These officers being employed by Local Governments are paid by them, and their salaries are not a charge on the Marine Budget. Although it seems anomalous that these appointments should still continue to figure in the cadre of a combatant service, we have thought it necessary to retain them for the following reasons :—

Firstly, in time of war or emergency these officers will be the authorities responsible for definite naval duties in connexion with the defence of their ports, under the direct control of the Flag Officer Commanding.

Secondly, without these posts the service would not contain, in our opinion, a sufficient number of senior appointments to maintain the requisite flow of promotion.

Thirdly, these port officers will also be responsible, as already noted, for Marine transport duties in peace as well as in war.

The Royal Indian Marine also provides port officers for Chittagong, Akyab, Bassein and Moulmein, and a Marine transport officer at Mandalay, but as no defence functions are required of these officers in peace or war, we consider that the Indian Navy should not provide them.

7. The nature of the commissions to be granted to officers in the Indian Navy is of importance. We recommend that King's commissions, similar to those now held by officers in the Royal Indian Marine, be granted to British and Indian officers alike. The commissions should confer an authority limited to the force in which they are granted, namely, the Royal Indian Navy. We strongly deprecate the use of any form of commission which might convey the impression that the officers of the Indian Navy held a purely subordinate status, such as is held by Viceroy's commissioned officers in the Indian Army.

8. With the proposed initial strength of the force, recruitment of executive officers will be required at the rate of about 3 a year. We agree generally with Admiral Richmond's recommendation that British and Indian boys should enter by competition at the age of 18, exactly in the same way as public school cadets are now taken into the Royal Navy. We also agree with the proposal that the Indian cadets should be mainly recruited through the Prince of Wales' College, Dehra Dun. The examination for cadetships would be held simultaneously in England and in India. One appointment every year should be reserved for an Indian by either from Dehra Dun, or an English public school (see below), subject to his reaching a minimum qualifying standard in the examination. For some time at any rate the standard of education at Dehra Dun will be appreciably lower than at an English public school. It will therefore probably be necessary to raise the age-limit for Indians recruited from Dehra Dun to the Indian Navy from 18 to 19 years, on the analogy of a similar rule which already obtains in the case of Indian cadets for the army. As the age of study at Dehra Dun is 12 to 18, it is likely that several years will elapse before any Indian cadets enter the Navy from that Institution. We do not see how this can be avoided. Cadetships should, however, be open to Indian boys at English public schools from the beginning. We understand that there is a considerable number of these, some of whom might be attracted towards service in the Indian Navy.

On passing the examination British and Indian cadets should undergo a course of two years' training in naval technical schools in the United Kingdom. A suggested scheme of training is enclosed in Appendix 4. On the completion of their training cadets would be given their commissions in the Indian Navy, and would proceed to join the squadron in Indian waters. We have considered the possibility of conducting the initial technical training in India, but this would entail very great expenditure on establishments, and would reduce to vanishing point the funds available for ships.

It occurs to us that Indian entrants into the Navy *via* Dehra Dun will normally have no sea experience whatever before passing their entrance examination into the Navy; and that, if they are then sent

straight to the United Kingdom, and made to undergo sea training in small vessels in home waters, there is a possibility of undue discouragement. We therefore propose that candidates for the Indian Navy, in the last two years of their education at Dehra Dun, should be given opportunities for short cruises, and some sea training, in ships of the training squadron.

9. For the officers and warrant officers of the new service, we do not propose any departure from the rates of pay and pension now drawn by officers of the Royal Indian Marine. These rates were revised in 1920, and are in our view likely to prove suitable. We need not therefore complicate our scheme for reorganization by introducing any proposals under this head.

10. Ratings will be drawn from the same class and in the same manner as lascars are at present recruited for the Royal Indian Marine. The rates of pay will also be the same, but provision will have to be made for pensions and for furlough. We are confident that this class will provide a suitable material for manning the combatant force, and that if the terms of service are made attractive, they will be forthcoming. At present there is only one source of recruitment, namely, the coastal area in the vicinity of Ratnagiri. It might be found advisable to open up new fields of recruitment on the Malabar Coast, the Coromandel Coast, at Chittagong, and elsewhere.

Training of recruits, which will also include educational training, will be carried out at Bombay in the depôt ship and the training squadron. It will be necessary in the initial stages to obtain the services of two specialist officers (gunnery and minesweeping) to supervise the training of recruits. We have considered the question of employing British petty officer instructors, but in view of the language difficulty we are doubtful whether their services would be of any value.

11. We recommend that engineer officers should be recruited for the Royal Indian Navy in precisely the same terms of service of manner as they now are for the Royal Indian Marine, that is to say :—

Appointments are made by the Secretary of State for India. A candidate must have served at least 5 years as an apprentice in a recognized engineering firm or a Government Dockyard. A candidate must not be less than 21 or more than 25 years of age. In order to facilitate the entry of Indians into this branch of the service, we recommend that the Government of India should give financial assistance to suitable Indian candidates who are anxious to undergo the necessary training and qualify for selection. This assistance might take the forms *inter alia* of passage concessions and payment of premia to engineering firms; and Government might also exert

their influence to induce such firms to take Indians as apprentices. One vacancy in three should also be definitely reserved for an Indian if a suitable candidate is forthcoming. The terms of service should remain as at present. The Port Engineering appointments mentioned in paragraph 6 will continue to be available for the promotion of these officers—(see Appendix 3).

12. The age of entry of ratings should be between 14 and 16 years for boys, and between 16 and 20 years for men. Conditions of service, pensions, pay and leave of ratings. Pensionable service should begin from 16 years. We propose that ratings should be enrolled in the first instance for a period of 6 years. If, however, it is found difficult in the initial stages to obtain recruits on this condition, it may be necessary to reduce the period. On the completion of 6 years' approved service, suitable ratings may be re-enrolled for further periods of 8 years at a time. A form of attestation similar to that in use for the Indian Army should be adopted and should provide amongst other things for conditions of discharge.

We propose that pensions should be granted on the same scale as obtains in the Indian Army, that is to say, a man will serve 15 years for a first pension of Rs. 5 a month, and after 18 years will receive an increased pension graduated according to his rank on retirement. We append a table showing the rates proposed (see Appendix 5).

The rates of pay suggested are given in Appendix 5 and are generally in accordance with those proposed by Admiral Mawbey. The nomenclature of the ratings has, however, been altered to conform with the Royal Navy.

As regards leave it will be necessary, if men are to be induced to volunteer for continuous service, to make some provision for furlough as well as privilege leave. We suggest that privilege leave be granted at the rate of 1 month on full pay in the year as at present. Furlough should be granted on half pay at the rate of 6 months after each completed period of 6 years' service. Provision must also be made for medical and casual leave. Free passages to and from their homes should be provided for men proceeding on privilege leave or furlough.

IV.—Command.

13. We propose that the command of the force should be vested in a Flag Officer Commanding. This officer should be appointed from the Royal Navy at first, but later on the appointment should normally be held by an officer of the Indian Navy. We prefer the title of Flag Officer Commanding to that of Chief of the Naval Staff, as more descriptive of his status and duties. "Chief of Staff" implies an advisory position without executive powers. The tenure of office, in our opinion, should be for a minimum period of three years.

In the early stages, an Indian Navy could be administered by a single commander with a small staff. The simpler the organization, the more economically will it be controlled. The proposed organization of the Headquarters Staff is given in Appendix 2.

The responsibilities falling to the Flag Officer Commanding in peace time will be as follows:—

- (a) Preparation of the annual estimates.
- (b) Movements of ships.
- (c) Recruiting.
- (d) Training.
- (e) Drafting, appointments and promotion.
- (f) Refitting, victualling, storing, fuelling and ammunitioning.
- (g) Designs of new ships.
- (h) Maritime defence of ports under the control of the Indian Government.
- (i) Surveying service.
- (j) Marine transport.

In his relation to the Government of India, the Flag Officer Commanding should be in a position substantially analogous to that of the Air Officer Commanding, Royal Air Force, that is to say, he should be subordinate to the Commander-in-Chief in India in the latter's capacity of Minister of Defence, and responsible to him for the administration and efficiency of the Navy. Like the Air Officer Commanding he should also have the right of personal access to the Viceroy for the purpose of consultation on important questions relating to the Navy.

His headquarters should be in Bombay, but we propose that he should be at liberty to pay periodical visits to the Headquarters of the Government of India, in order to confer with the Marine Department. This practice is at present followed by the Director, Royal Indian Marine, and has been found eminently satisfactory. We do not consider it desirable or necessary to retain an officer of the Indian Navy at the Headquarters of the Government of India, in the capacity either of Secretary or of Liaison Officer.

The Flag Officer Commanding will be the official adviser of the Commander-in-Chief in India, and, through him, of the Government of India, on all matters relating to the internal administration of the Indian Navy, including harbour defence and the work of sea-going squadrons of the Navy. The adviser to the Government of India on matters of strategic importance will continue to be the Naval Commander-in-Chief, East Indies. Subject to a clear understanding of their respective spheres of authority, the closest co-operation in all matters should be maintained between the Naval Commander-in-Chief

and the Flag Officer Commanding the Indian Navy. In war time unity of command is essential, and we therefore recommend that in war the ships and personnel of the Indian Navy should automatically come under the direct control of the Commander-in-Chief, East Indies. For this reason, as well as others, we think it desirable that the post of Flag Officer Commanding should never be held by an officer senior on the Navy List to the Naval Commander-in-Chief.

In war the responsibilities of the Flag Officer Commanding should be:—

- (a) The naval defences at ports which are under the control of the Government of India.
- (b) Marine transport at the same ports.
- (c) Control of merchant shipping at the same ports.
- (d) Recruitment for ships of the Indian Navy.
- (e) Where required, refitting, victualling, storing and fuelling of ships on His Majesty's service, calling at Indian ports.
- (f) The administration and supply of ships employed in Harbour Defence.

V.—Maintenance of Vessels, etc.

14. We have considered very carefully the question of the Dockyard. There are three possibilities open to the Government of India. First, to sell the yard outright; second, to retain it under their own management; third, to lease it for a term of years to a private firm.

We have no hesitation in rejecting the idea of sale. Under the proposed scheme Bombay will be the headquarters of the Indian Navy. There is no other yard at present in that port which will meet requirements, if the force is to expand and develop along the lines that we contemplate, nor is there any practicable site where such a yard could be built to provide a repairing base both for the future Indian Navy and for the Imperial Navy. It would be in the highest degree undesirable to run the risk which outright sale would involve of the Dockyard being converted to other uses. The continued existence of the Dockyard as such is therefore in our opinion necessary.

There remain the alternatives of retention and lease, which are discussed in paragraphs 8 to 10 of Admiral Richmond's report. We have examined closely the figures of present cost of the yard, and we have had a statement prepared to show the probable expenditure on its maintenance for the purposes of an Indian Navy (Appendix 6). This statement also shows the estimated cost of the necessary refits—if carried out by private firms. The figures are based on the charges incurred during the last two years in the refit of sloops of the East Indies Squadron by private firms in Colombo. The Admiralty figures

have been taken for trawlers. There can be no doubt that the present cost of the yard is excessive. The establishment and plant were largely increased in 1919 and 1920 on the recommendation of the Dockyard Committee, which sat at the India Office after the presentation of Lord Jellicoe's report. Since then the refit of the East Indies Squadron has been transferred to Colombo, and the strength of the Royal Indian Marine has been greatly reduced by the abolition of troopships and other vessels. Although some retrenchments have been effected recently in the Dockyard establishment, and more are contemplated, the fact remains that with the present strength of the Royal Indian Marine and, with the contemplated initial strength of the Royal Indian Navy, a dockyard of this size could not be maintained as an economical concern, unless private work and work for other departments in considerable volume were obtained. For many reasons we consider it undesirable that the Royal Indian Navy Government Dockyard should undertake such work. We estimate that the minimum annual cost of administration and upkeep of the Dockyard for purely Indian Naval purposes, and irrespective of the Headquarters staff of the Royal Indian Navy, which must remain whether the Dockyard is leased or not, will not be less than Rs. 4,50,000. To this must be added a sum, approximating to Rs. 1,00,000 for dredging operations, to keep the entrance of the Dockyard clear. We estimate further that the annual cost of refitting the vessels of the proposed Indian Navy together with the station ships, if the work be undertaken by private contract, should not exceed 5 lakhs at the outside. The figure in the statement is Rs. 4,12,000 only. It will thus be seen that without even taking into consideration the cost of labour and materials required for the execution of annual refits, the supervision, contingent and indirect Dockyard charges alone are estimated as likely to equal, if not to exceed, the total amount for which the repairs could be carried out if entrusted to a private firm. This is largely due to the fact that the Dockyard is designed on a much larger scale, and is equipped with extensive and costly machinery capable of dealing with much more work than will be necessary for the refit of the small number of ships contemplated in the first instance for the Indian Navy. As we have already said, we do not recommend that work outside the requirements of the Indian Navy should be undertaken by the Dockyard. It will therefore obviously be to the financial advantage of Government to entrust the work of annual refit of ships in the Indian Navy to private firms—as is the practice of the Admiralty in the case of the East Indies Squadron.

We are led, then, to the conclusion that the retention of the yard under Government management would be an unjustifiable expense, and we proceed to consider the third possibility, namely, the leasing of the yard for a term of years to a private firm. For this course there is much to be urged. In the first place, it provides the only means, other than direct sale, by which Government can make its due profit out of

the high capital value of the site. Secondly, it will relieve Government of all the expenses and difficulties of administration. Thirdly, it will bring the cost of maintenance and refit of vessels on to a true economic basis. Fourthly, it will enable Government to resume the control of the yard at a future date, should it desire to do so. Fifthly, the saving effected will be available towards the provision of more ships for the Navy. The Dockyard by reason of its situation, size, arrangement, and fittings, offers, we believe, considerable attractions to engineering firms, and we see no reason to doubt that, if it is put up for lease, tenders will be forthcoming. We therefore recommend that the Dockyard be offered for lease, and we consider that the lease should be for a period of fifteen years in the first instance. An essential condition should be that work for the Indian Navy should be given priority whenever required. The refit, however, of ships of the Indian Navy should not be a perquisite of this yard, but should be open to competitive tenders. The existence of other yards in Calcutta and Colombo, and of the Mazagaon Dockyard in Bombay itself, should act as a safeguard against monopoly and consequent inflation of charges.

At the time of lease the disposal of the existing machinery will require consideration. It may be necessary to make purchase of the machinery a condition of the lease. The stores required for the Marine Transport Department and for the Indian Navy, at present warehoused in the Dockyard, can without difficulty be transferred elsewhere. A portion of the Dockyard premises adjoining Campbell Park would have to be retained by Government for offices and official residences.

VI.—Miscellaneous.

15. On the inauguration of the change, a certain number of officers Disposal of surplus of the Royal Indian Marine will become surplus officers. to requirements. The present establishment exceeds the cadre that we propose for the Indian Navy by 5 Commanders, 2 Lieutenants and Lieutenant-Commanders, 4 Engineer-Commanders, and 6 Engineer Lieutenants and Engineer Lieutenant-Commanders. We propose that these 17 officers should be retired on the usual terms for surplus officers, unless employment under other Government departments can be offered to them, and they are willing to accept such employment. It may be found possible to transfer some of them permanently to the Lighting Service under the Department of Commerce.

16. A number of the existing ratings in the Royal Indian Marine will probably be found suitable for service in the Royal Indian Navy, and those selected as such should, in our opinion, be given the opportunity to transfer, if they so desire. Their services in the Royal Indian Marine should be allowed to count towards promotion and pension in the Royal Indian Navy. The offer should, of course,

be made only to such men as will have a reasonable period of effective service still before them.

17. The following station ships are at present a part of the Royal Indian Marine:—

Arrangements for carrying on the lighting and other services performed by the station ships.

'Lawrence'	Persian Gulf.
'Clive'	Burma Coast.
'Minto'	Andamans.

These ships, which are almost entirely engaged upon civil duties, can, in our opinion, form no part of the new Indian Navy. It would be impracticable for the combatant force to provide their personnel, or for them to be treated as ships of war and fly the White Ensign. They must, therefore, be definitely transferred from the moment that the Indian Navy comes into being. The present duties of these ships as also of the sloop "Cornwallis" while employed, as at present, at Aden, are:—

- (a) Attendance on lights and buoys.
- (b) Conveyance of political and other officers of Government.
- (c) Conveyance of detachments of troops (except in the Persian Gulf).

Excepting the conveyance of officials serving under Provincial Governments, these duties all pertain to "Central Subjects" as set forth in Schedule I of the Devolution Rules. The departments concerned are the Commerce Department (for lights and buoys), the Army Department (for conveyance of troops), the Foreign and Political Department (for political duties), and the Home Department (for duties carried out by station ship at Port Blair). These departments will have to be required to make themselves responsible for carrying out the duties with which they are respectively concerned, when the new Indian Navy has come into existence. But as it may be difficult to reorganize the arrangements for lighting and buoying by that time, the Royal Indian Navy may have to continue to administer some or all of the station ships until such time as a Government Lighting Service is brought into being. The personnel of the ships, however, would have to be engaged under the Mercantile Marine Act, and could not form part of the Royal Indian Navy.

18. We consider it important that, when the new Flag Officer Commanding arrives in India and hoists his flag, the Royal Indian Marine should cease to exist from that moment and the Royal Indian Navy should come into being. It is essential, therefore, that before the new Commander is appointed, the scheme for the creation of an Indian Navy should be definitely

sanctioned and the necessary financial provision made for its introduction. If circumstances permit, as much work as possible connected with the winding up of the old service should be done before the new Flag Officer Commanding arrives in India. On the other hand, we consider it indispensable to the success of the new venture, that the first Flag Officer Commanding should have at his right hand during the initial stages of his tenure an officer of proved experience in all Indian Marine matters. We, therefore, recommend that Captain Headlam, the present Director of the Royal Indian Marine, should remain on after the change for such period as may be found necessary, in the capacity of Chief Staff Officer and Adviser to the Flag Officer Commanding.

19. In dealing with the financial aspect of our proposals, we have deliberately refrained from touching upon the question whether the creation of the Indian Navy should affect the continuance of the payment at present made from Indian revenues as a contribution towards the Imperial Navy. We have taken this course because we feel that it is not a matter which falls precisely within the terms of reference to us as an expert Departmental Committee. We also think that it would be premature to discuss this question until, at the earliest, the new Indian Navy is in a position to perform an appreciable portion of these services which are rendered to India by His Majesty's Navy, and in respect of which the contribution is paid.

APPENDICES.

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1. Statement of total cost of proposed Indian Navy.
2. Organization of Command (diagram).
3. Cadre of officers.
4. Proposed courses of training for officers.
5. Pay and pension scales of ratings.
6. Dockyard estimates, including cost of refit of Royal Indian Navy.

APPENDIX No. 1.

STATEMENT OF EXPENDITURE FOR THE INDIAN NAVY.

Summary.	Cost per annum. Rs.
Headquarters staff	2,59,900
Depôt ship	3,24,861
Four sloops	12,04,224
Two P. C. Boats	3,59,616
4 Trawlers	1,23,120
Officers on leave	2,08,020
Pensions	9,10,000
Incidental expenses	3,98,740
Subsidy to Admiralty, etc.	19,00,000
Survey ships	4,89,000
Store Department	30,820
Officers training in England and with the East Indies Squadron	52,140
TOTAL	62,60,431
Lighting and Station Ships	12,50,000
Military launches at ports in India	4,00,000
TOTAL	16,50,000
	79,10,431

Transport Establishment 1,14,024
 (Expenditure on Transport Establishment is at present debited to His Majesty's Imperial Government.)

Headquarters Staff.

	Cost per annum. Rs.
1 Flag Officer Commanding at Rs. 2,800 per mensem	33,600
1 Captain at Rs. 1,900 per mensem	22,800
1 Commander at Rs. 700 pay + Rs. 400 staff pay	13,200
1 Engineer Captain at Rs. 1,750 per mensem	21,000
Clerical staff	35,000
1 Controller of Marine Accounts and Establishment	1,34,300 (a)
TOTAL	2,59,900

(a) Pending the future of the Dockyard, the figure for Controller of Marine Accounts and Establishment has been based upon a percentage of the total expenditure.

Depôt Ship.

	Cost per annum. Rs.
1° Captain	22,800
1 Commander	13,200
2 Lieutenant-Commanders	18,260
4 Lieutenants	22,120
4 Warrant officers (average pay Rs. 241 + Rs. 2 per diem mess allowance)	14,488
1 Engineer Commander	13,200
2 Engineer Lieutenants	13,480
2 Assistant Surgeons (average pay Rs. 400 + Rs. 50 staff allowance per mensem + Rs. 2 per diem mess allowance)	12,260
2 Clerks { 1 I grade (average pay Rs. 174 + Rs. 2 per diem mess allowance). I III " (average pay Rs. 100 + Rs. 2 per diem mess allowance). }	4,748
1 Munshi (average pay Rs. 100)	1,200
1 Wireman (average pay Rs. 112)	1,344
1 Carpenter's mate, I class (average pay Rs. 94)	1,128
1 Carpenter's crew " (" " " 66)	792
1 Plumber (average pay Rs. 75)	900
6 Petty officers (" " " 72)	5,184
2 Leading seamen (average pay Rs. 40)	960
1 Yeoman Signals (" " " 61)	732
2 Leading " (" " " 34)	616
8 Signalmen (" " " 24)	2,304
10 Able seamen (" " " 31)	3,720
10 Ordinary seamen (" " " 25)	3,000
1 Ship's steward (" " " 67)	804
1 Cassaub (" " " 37)	444
2 Bhandaris (" " " 31)	744
2 Bhandari's mates (" " " 25)	600
6 Topasses (" " " 28)	2,016
1 Lamp trimmer (" " " 31)	372
1 General mess steward (" " " 122)	1,464
1 Butler, II class (" " " 40)	480
5 General mess servants, I class (average pay Rs. 30)	1,800
3 " " " II " (" " " 22)	792
1 Cook, I class (average pay Rs. 100)	1,200
1 " " II " (" " " 50)	600
1 Cook's mate, I class (" " " 25)	300
1 " " II " (" " " 20)	240

For training.

		Cost per annum. Rs.
60 Boys for training—ordinary seamen and able seamen (average pay Rs. 15)		10,800
2 Petty officers (average pay Rs. 72)		1,728
6 Leading seamen (" " " 40)		2,880
30 Stokers, I class (" " " 31)		11,160
30 " II " (" " " 25)		9,000
2 Stoker petty officers (" " " 72)		1,728
6 Leading stokers (" " " 40)		2,880
4 I class drivers (" " " 139)		6,672
2 II " " (" " " 110)		2,640
	TOTAL	2,17,960
	Rs.	
Add—Provision for Refitting	15,000	
Stores	10,000	
Victualling	48,591	
(213 Indians at annas 10 per diem.)		
Coal (for 9 months at Rs. 3,000)	27,000	
Water (" " " " 700)	6,300	
	TOTAL	1,06,891
		3,24,851

Sloop.

1 Commander	12,600
2 Lieutenants	12,200
1 Sub-Lieutenant	3,800
3 Engineer Lieutenants	10,800
1 Assistant Surgeon (average pay Rs. 400 + Rs. 50 staff allowance + Rs. 2 per diem mess allowance)	6,130
1 Boatswain (average pay Rs. 241 + Rs. 2 per diem mess allowance)	3,622
1 Wireless operator (average pay Rs. 335 including allowances)	4,020
1 Clerk, II grade (average pay Rs. 125 + Rs. 2 per diem mess allowance)	2,230
5 Petty officers (average pay Rs. 72)	4,320
3 Leading seamen (average pay Rs. 40)	1,440
16 Able seamen (average pay Rs. 31)	5,552
16 Ordinary seamen (average pay Rs. 25)	4,800
3 Listeners (average pay Rs. 35)	1,200
1 Leading signalman (average pay Rs. 34)	408
2 Signalmen (average pay Rs. 24)	676
	Carried over
	74,158

Sloop—contd.

		Cost per annum.
		Rs.
	Brought forward	74,158
2 Drivers, I class (average pay Rs. 139)		3,336
2 " II " (" " " 110)		2,640
1 Stoker petty officer (average pay Rs. 72)		864
8 Leading stokers (" " " 40)		3,840
18 Stokers, I class (" " " 31)		6,696
12 " II " (" " " 25)		3,600
1 Carpenter (" " " 112)		1,344
1 Carpenter's mate, I class (average pay Rs. 94)		1,128
1 Ship's steward (average pay Rs. 67)		804
1 Cook, I class (" " " 100)		1,200
1 Cook's mate, I class (" " " 25)		300
1 General mess steward, I class (average pay Rs. 122)		1,464
2 Mess servants, I class (average pay Rs. 30)		720
2 Mashalchies (average pay Rs. 20)		480
2 Bhandaris (" " " 31)		744
2 Bhandari's mates (" " " 25)		600
5 Topasses (" " " 28)		1,680
	TOTAL	1,05,598
	Rs.	
Fuel, 2,100 tons at Rs. 45 per ton	94,500	
Ammunition	13,200	
Naval stores	30,000	
Yearly Refit	30,000	
Minesweeping store replacement	1,120	
Victualling (108 Indians at annas 10 per diem)	24,638	
Water	2,000	
	TOTAL	1,95,458
		1,95,458
		3,01,056

Cost of 4 sloops per annum, Rs. 3,01,056 × 4 = Rs. 12,04,224

P. C. Boat.

1 Lieutenant	5,600
1 Sub-Lieutenant	3,600
2 Engineer Lieutenants	12,000
3 Petty officers (average pay Rs. 72)	2,592
2 Leading seamen (average pay Rs. 40)	960
12 Able seamen (" " " 31)	4,464
12 Ordinary seamen (" " " 25)	3,600
	Carried over
	32,816

P. C. Boat—contd.

		Cost per annum. Rs.
	Brought forward	32,816
3 Drivers, I class (average pay Rs. 139)		5,004
1 Stoker petty officer (" " " 72)		864
2 Leading stokers (" " " 40)		960
7 Stokers, I class (" " " 31)		2,604
8 " II " (" " " 25)		2,400
1 Wireman (average pay Rs. 112)		1,344
1 Carpenter's mate, II class (average pay Rs. 69)		828
1 Butler, II class (average pay Rs. 40)		480
1 General mess servant, II class (average pay Rs. 22)		264
1 Cook's mate (average pay Rs. 20)		240
1 Maahalchi (" " " 20)		240
2 Casseubs (" " " 37)		888
2 Bhandaris (" " " 31)		744
2 Topasses (" " " 28)		672
1 Leading signalman (average pay Rs. 34)		408
1 Signalman (" " " 24)		288
1 Wireless Telegraphist (average pay Rs. 335)		4,020
3 Listeners (average pay Rs. 35)		1,260
	TOTAL	56,324
	Rs.	
Yearly refit	25,000	
Stores	15,000	
Ammunition	13,200	
Fuel	54,000	
Victualling (67 Indians at annas 10 per diem)	15,284	
Water	1,000	
	TOTAL	1,23,484
		1,79,808

or Rs. 3,59,616 for 2 P. C. boats.

Trawler.

Fuel, 300 tons at Rs. 45	13,500
Ammunition	1,650
Stores	7,500
Yearly refit	7,000
Replacement of minesweeping stores	1,130
	30,780

or Rs. 1,23,120 for 4 Trawlers.

Officers and crew are included in the complement of the Depot ships to which the trawlers are tenders.

Officers on leave.

	£	Cost per annum. Rs.
2 Captains	1,418	
4 Commanders	2,548	
9 Lieutenant-Commanders and Lieutenants	4,880	
2 Boatswains	400	
1 Engineer Commander	662	
8 Engineer Lieutenant-Com- manders, Engineer Lieute- nants and Engineer Sub- Lieutenants	4,160	
TOTAL	13,868	at Rs. 15 a £= Rs. 2,08,020

Pensions.

Pensions	9,10,000
--------------------	----------

Note.—The amount on account of pensionary charges shown represents pensions which are now being paid as based with reference to E. I. M. Budget Estimates for 5-25, together with an additional lakh of rupees in respect of pension charges due to probable premature retirements.

Incidental expenses.

	Cost per annum. Rs.
Shore allowance for officers	49,480
Outfit and clothing allowance	15,000
Marriage allowance	8,000
Pilotage	30,000
Telephone	2,000
Contingencies	19,000
Travelling expenses, Flag Officer Commanding	3,700
Medical stores	16,000
Passage and conveyance of officers and men	30,000
Freight on Europe stores	10,000
Miscellaneous	62,000
Sumptuary allowance for Flag Officer Commanding	6,000
Repairs to Harbour Craft (3 launches)	19,000
Crews, stores and fuel for ditto	50,000
Coal depôts—upkeep of (if Basidu and Bushire are abolished)	72,000
Establishment, etc., charges on account of Perim Lighthouse	11,560
TOTAL	3,98,740

Subsidy to Admiralty, coal, etc.

Allowance to Admiralty at Rs. 15 to £	15,00,000
Coal for His Majesty's ships of war in Indian Seas	3,60,000
Refit of "Triad"	30,000
Allowance for Naval Commander-in-Chief	10,000
TOTAL	19,00,000

	Cost per annum.
<i>Survey Ships.</i>	
	Rs.
" Investigator "	3,69,000
" Palinurus "	1,20,000
TOTAL	4,89,000

based with reference to past actuals.

<i>Marine Transport Department.</i>		Rs.
Bombay		85,104
Karachi		28,920
TOTAL		1,14,024

The case of the Transport Department has been submitted to the Government of India separately and is still under consideration.

<i>Store Department.</i>		Rs.
1 Storekeeper		14,000
2 Store House men		2,800
4 Clerks		6,640
12 Permanent coolies		4,380
Casual labour		3,000
TOTAL		30,820

Figures on the supposition that the Dockyard will not be maintained.

<i>Lighting and station ships</i>		Rs.
Burma		4,00,000
Persian Gulf		2,00,000 (a)
Aden		3,50,000
Andamans		3,00,000
TOTAL		12,50,000

(a) Represents Indian share only.

This includes all expenditure on wages, allowances, fuel, stores and refit based on past actuals.

CHARGES FOR AMMUNITION.

<i>Cost of Ammunition.</i>		£ s. d.
One 4" cartridge		2 0 4
One 4" shell (practice)		0 14 9
One 12-pdr. 12 cwt. cartridge		0 19 10
One 12-pdr. 12 cwt. shell		0 10 9
One 12-pdr. 12 cwt. practice shot		0 3 7
1,000 2-pdr. pom pom		111 10 0
1,000 1" aiming		8 6 8
1,000 pistol		5 5 0
1,000 303		8 6 8

CHARGES OF AMMUNITION—*contd.**Suggested expenditure.*

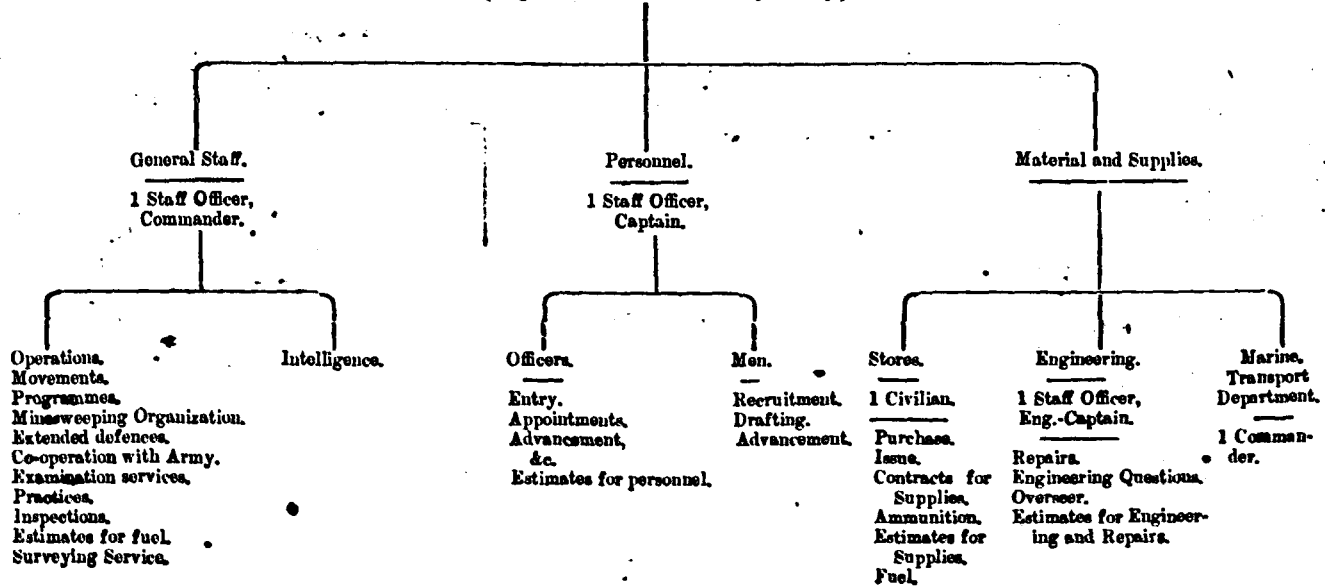
4" 82 per gun (including 1 H. E. and 1 C. P. C.).	
12-pdr. 80 per gun.	
1" 500 per gun.	
303 4,000 rounds	
2-pdr. pom pom, 250 per gun.	
Cost of ammunition for a sloop	£880 = Rs. 13,200
Cost of ammunition for a trawler	£110 = Rs. 1,650

APPENDIX No. 2.

ORGANIZATION OF COMMAND.

Flag Officer Commanding.

(Flag ashore at Admiral's House, Bombay.)



APPENDIX No. 3.

	Rear-Admiral.	Captains.	Commanders.	Lieutenant-Commanders and Lieutenants.	Sub-Lieutenants.	Midshipmen.	Boatswains.	Engineer Captain.	Engineer Commanders.	Engineer Lieutenant-Commanders, Engineer Lieutenants and Engineer Sub-Lieutenants.	Assistant Surgeons.
Headquarters Staff	1	1	1	...	...	...	...	1	...	...	...
Depôt Ship . . . . .	...	1	1	6	...	...	5	...	1	2	2
No. 1 Sloop . . . . .	...	...	1	2	1	...	1	...	...	2	1
No. 2 Sloop . . . . .	...	...	1	2	1	...	1	...	...	2	1
No. 3 Sloop . . . . .	...	...	1	2	1	...	1	...	...	2	1
No. 4 Sloop . . . . .	...	...	1	2	1	...	1	...	...	2	1
Pathan . . . . .	...	...	...	1	1	...	...	...	...	2	...
Baluchi . . . . .	...	...	...	1	1	...	...	...	...	2	...
Trawler No. 1, 2, 3 and 4	Included in Depôt Ship complement.										
Surveying Service—											
“ Investigator ” . . . . .	...	...	2	7	2	...	1	...	...	2	...
“ Palinurus ” . . . . .	...	...	...	...	...	...	...	...	...	...	...
Marine Transport . . . . .	...	...	1	3	...	...	...	...	...	...	...
Port authorities . . . . .	...	5	6	1	...	...	1	...	3	10	...
Instruction in England and serving on E. I. Squadron.	...	...	...	6	...	4	...	...	...	...	...
Coaling Depôts . . . . .	...	...	...	...	...	...	1	...	...	...	...
On leave . . . . .	...	2	4	9	...	...	2	...	1	8	...
TOTAL	1	9	19	42	8	4	14	1	5	38	6

APPENDIX No. 4.

PROPOSED COURSES OF TRAINING FOR OFFICERS.

The following is the sequence of training and advancement of an officer of the Indian Navy proposed:—

Enter at the age of 18 from a public school, or 19 from Dehra Dun as the case may be, by competitive examination.

Then proceed as follows:—

4 months at the Navigation School for instruction in Navigation and Pilotage.

4 months at Whale Island for instruction in Gunnery. (To include instruction with guns up to and including 6 inch.)

6 months at sea in an Atlantic Fleet Destroyer. Not to remain in the vessel if she refits, the object being to obtain actual sea-going experience.

2 months at Keyham, for a course of engineering and electricity.

2 months at the Torpedo School for instruction in mining sweeping and use of depth charges.

2 months at one of the Barracks for instruction in signals, physical training and Petty Officers' course.

1 month at Greenwich—War Course and Navigation.

Total 21 months' work. Three months' leave.

2. On completion of the courses in England the officers to become Sub-Lieutenants, and be appointed to sloops. Two years' active sea service in these vessels should give them the experience necessary for performing the duties of Lieutenant to which rank, if recommended, they should then be promoted. (Age 21½—23½.)

A period of service of about one year in the Surveying service is recommended for as many officers as is practicable. The experience is invaluable, but the numbers employed must be kept within limits, as Officers Commanding surveying ships must have an adequate proportion of experienced officers serving under them.

Opportunity should be taken for officers to attend short Gunnery and Mining Courses every 5 years when in the United Kingdom on leave.

APPENDIX No. 5:

Designation.	Pay.	Pension scale.
	Rs.	
Chief petty officer	100	3
Petty officer	57-6-87	3
Leading seaman	36-2-42	2
Able seaman	31	1
Ordinary seaman	25	1
Boy	15	1
Chief stoker	94-7-115	3
Stoker petty officer	57-6-87	3
Leading stoker	36-2-42	2
Stoker, I class	31	1
" II "	25	1
Wireman	95-5-120	3
Carpenter's mate, I class	94	3
" " II "	69	3
Carpenter's crew	66	3
Plumber	75	3
Cassaub, I class	37	2
" II "	31	1
Bhandari	31	1
Bhandari's mate	25	1
Lamp trimmer	31	1
Topass	28	1
Writer	45-5-50	2
Ship's steward	50-5-75	3
General mess steward	100-10-130	3
" " butler, I class	50	2
" " " II "	40	2
" " servant, I class	80	1
" " " II "	22	1
Warrant officers' mess servant, I class	22	1
" " " " II "	20	1
Cook, I class	100	3
" II "	50	2
Cook's mate, I class	25	1
" " II "	20	1
Masajchi	20	1
Commander's servant	30	1
Yeoman of signals	61	3
Leading signalman	34	2
Signalman	24	1

(The Nos. represent scale of pension as shown on page 28.)

Good conduct badges.—Good conduct badges to be awarded as follows:—

	Per mensem.
1 badge after 4 years' approved service	2
2 badges " 8 " " " "	3
3 " " 12 " " " "	4

Pension scale.—Pensions as for combatants of the Indian Army, vide paragraph 591 II of Pay and Allowances Regulations, Part II.

Scale 1.—As for sowars, sepoy and others ranking as such.

- " 2. " Lance-dafadars, naiks and others ranking as such.
- " 3. " Dafadars, havildars and others ranking as such.

APPENDIX No. 6

Estimated approximate annual expenditure on establishment and incidental charges likely to be incurred in the maintenance of the Dockyard for the purposes of the Indian Navy.

	Rs.
Engineer Manager's Department	1,53,780
Store Department	48,888
Dockyard Police	64,500
Medical charges	9,840
Boatswain of the Yard	10,440
Contingencies	9,000
Indirect shop charges	1,50,000
TOTAL	4,46,448

The Director, Royal Indian Marine, considers that when surplus machinery has been disposed of, the personnel reduced to a minimum, the stores re-arranged (surplus stores having been disposed of) and repairs being carried out on ships of a standard pattern, the indirect shop charges should not exceed Rs. 1,50,000.

The following figures show the estimated cost of refits for the un-mentioned vessels, on the basis of the charges incurred by the East Indies Squadron, for refits carried out by private contractors at Colombo :—

	Rs.	Rs.
3 Sloops at	30,000 each	= 1,20,000
2 P. C. boats at	25,000 "	= 50,000
1 Depot ship at	15,000 "	= 15,000
4 Trawlers at	7,000 each	= 28,000
2 Survey ships at	30,000 "	= 60,000
' Clive '	30,000	30,000
' Lawrence '	30,000	30,000
' Minto '	30,000	30,000
Military launches, say	30,000	30,000
Harbour launches, say	19,000	19,000
TOTAL		4,12,000



Report of the Indian Sandhurst Committee

Dated 14th November 1926

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REPORT

OF THE

INDIAN SANDHURST COMMITTEE

TABLE OF CONTENTS.

FOREWORD BY THE GOVERNMENT OF INDIA.

THE REPORT.

CHAPTER I.

INTRODUCTORY.

Paragraphs.		Page.
1.	Introductory	1
2.	Terms of Reference	1
3.	Composition of the Committee	2
4.	The proceedings of the Committee	2

CHAPTER II.

THE FIRST TERM OF REFERENCE.

5.	Introductory	6
6.	Historical retrospect	6
7.	The present method of selecting candidates	9
8.	The Indianisation of eight units of the Indian Army	10
9.	Results achieved	11

CAUSES OF THE PRESENT FAILURE.

10.	The past policy of Government	12
11.	Defects in the educational system of India	14
12.	The age limit	15
13.	Lack of publicity and suitable propaganda	15
14.	Defects in present method of selection	15
15.	Objections to Sandhurst	16
16.	The cost of education and military training	17
17.	Conditions within the Army. Scheme for the Indianisation of eight units	17
18.	Caste restrictions	20
19.	Insufficiency of pay and prospects	20
20.	The narrow scope of the present scheme of Indianisation	21

RECOMMENDATIONS.

21.	A substantial and progressive scheme of Indianisation	23
22.	Indianisation in other arms	25
23.	Subsidiary recommendations	25
24.	Improvements in the system of early education	25
25.	Age limit	28

Paragraphs.	Page.
26. Publicity	28
27. Method of initial selection	29
28. Grant of King's Commissions to Viceroy's Commissioned officers	32
29. Grant of University Commissions	33
30. Grant of commissions to Territorial Force officers	35
31. Cost of education and training	35
32. The " eight units scheme "	36
33. Pay and allowances, including marriage allowances	36
34. Guardianship of Sandhurst cadets	36
CHAPTER III.	
THE SECOND, THIRD AND FOURTH TERMS OF REFERENCE.	
35. The second term of reference. Establishment of an Indian Sandhurst recommended	38
36. The practicability of the step	40
37. The third term of reference. The military training systems of other countries	41
38. Combined general and military education	44
39. A three years' course	44
40. Training for other public services	44
41. The link with the Dehra Dun College	45
42. Indians should continue to be trained at Sandhurst	45
43. The Sandhurst entrance examination	46
44. The strength of the Indian military college	46
45. The Indian military college to be established in 1933	47
46. The fourth term of reference. Supplementary training in England	47
47. Training in the technical arms	47
MISCELLANEOUS.	
48. The Indian States	48
49. Questions of detail and finance	49
CHAPTER IV.	
CONCLUDING REMARKS.	
50. Summary	50
51. Some members of the Committee—their special knowledge	50
52. Acknowledgments	50
Note	52
APPENDICES.	
APPENDIX I.—Summary of recommendations	53
APPENDIX II.—Scheme of Indianisation	59
APPENDIX III.—Extract from a lecture given at the R. M. C., Sandhurst. (Reprinted from the R. M. C. Magazine, Easter 1925)	62
APPENDIX IV.—Draft of suggested instructions prescribing the duties of the official guardian of Indian cadets at Sandhurst	64

FOREWORD BY THE GOVERNMENT OF INDIA.

In issuing the report of the Indian Sandhurst Committee, the Government consider it necessary to emphasise that neither they nor His Majesty's Government have yet formed their conclusions on it, and that those conclusions must necessarily take account of certain factors of which it was not within the province of the Committee to undertake a complete survey. For example, although the Committee's recommendations in themselves are designed primarily with a view to Indian conditions, the problems of recruitment and training of King's commissioned officers for whatever service are essentially an Imperial concern, and any proposals reacting on them will require close scrutiny by His Majesty's Government and their Military Advisers. Again, the Government when called upon to deal with any scheme of increasing Indianisation extending over a number of years must leave themselves free to consider whether the basis of that scheme offers the sure stable line of advance towards the creation of a Dominion Army, or whether alternative methods which did not fall within the Committee's terms of reference might not more profitably be explored. The Committee's report will thus be used as a starting point for discussions with His Majesty's Government to whom the Government of India will in due course forward their considered views on it.

G. M. YOUNG,

Secretary to the Government of India.

ARMY DEPARTMENT,

SIMLA ;

April 1st, 1927.

INDIAN SANDHURST COMMITTEE.

REPORT.

CHAPTER I.

INTRODUCTORY.

1. Our Committee, known as the Indian Sandhurst Committee, or otherwise as the Skeen Committee, was appointed in June, 1925. The official communiqué announcing its constitution was as follows :—

“ In the Legislative Assembly on the 14th March last, in the course of the general discussion on the budget the Hon'ble Sir Alexander Muddiman gave an undertaking that the Government of India would consider the appointment of a Committee to examine the means of attracting the best qualified Indian youths to a military career and of giving them a suitable military education. With the concurrence of the Secretary of State, the Government of India have now definitely decided to appoint such a Committee. The Chairman will be Lieutenant-General Sir Andrew Skeen, K.C.B., K.C.I.E., C.M.G., Chief of the General Staff in India. The Government of India are not yet in a position to announce further details, but the Committee will include non-official members representing both the military classes of the population and Indian political opinion.”

2. *Terms of Reference.*—The terms of reference to the Committee, as finally framed by the Government of India, are as follows :—

“ To enquire and report :—

- (a) By what means it may be possible to improve upon the present supply of Indian candidates for the King's Commission both in regard to number and quality.
- (b) Whether it is desirable and practicable to establish a Military College in India to train Indians for the commissioned ranks of the Indian Army.
- (c) If the answer to (b) is in the affirmative, how soon should the scheme be initiated and what steps should be taken to carry it out.

(d) Whether, if a Military College is established in India, it should supersede or be supplemented by Sandhurst and Woolwich so far as the training of Indians for the commissioned ranks of the Indian Army is concerned."

3. *Composition of the Committee.*—The Committee, as finally constituted, was composed as follows :—

Chairman :

Lieut.-General Sir Andrew Skeen, K.C.B., K.C.I.E., C.M.G.,
Chief of the General Staff.

Members :

Pandit Motilal Nehru, M.L.A.

Mr. M. A. Jinnah, M.L.A.

The Hon'ble Sardar Jogendra Singh, Minister of Agriculture,
Punjab Government.

The Hon'ble Sir Phiroze Sethna, Member of the Council of
State.

Diwan Bahadur Ramachandra Rao, M.L.A.

Nawab Sir Sahibzada Abdul Qaiyum, K.C.I.E., M.L.A.

Subedar-Major and Honorary Captain Hira Singh, Sardar
Bahadur, M.B.E., M.L.A., late 16th Rajputs. †

Dr. Ziauddin Ahmad, C.I.E., M.L.C., Pro-Vice-Chancellor,
Aligarh Muslim University.

Captain J. N. Banerjee, Bar.-at-Law.

Major Thakur Zorawar Singh, M.C., Chief Secretary, Council
of Administration, Bhavnagar State, (representing the
Indian States).

Risaldar-Major and Honorary Captain Haji Gul Mawaz Khan,
Sardar Bahadur, late 18th Lancers.

Major Bala Sahib Daffé, 7th Rajput Regiment.

Mr. E. Burdon, C.S.I., C.I.E., I.C.S., Secretary to the Govern-
ment of India in the Army Department.

Pandit Motilal Nehru tendered his resignation as a member of
the Committee on March 11th, 1926.

4. *The proceedings of the Committee.*—The Committee held their first meeting at Simla on August 12th, 1925 and between that date and August 22nd a series of preliminary discussions took place for the purpose of settling their future course of action. Opinions were exchanged upon various matters arising out of the terms of reference, and a decision was arrived at as to the form which the Committee's

questionnaires should take and as to what further measures should be adopted for the purpose of collecting evidence. In order to give the members an opportunity of acquainting themselves with the various implications of the problems set and to ensure also that as far as possible the questionnaires would be complete, a number of specially chosen experts, both military and civil, were asked to give oral evidence of a preliminary character between August 28th and September 12th. These included the Commandant and Headmaster of the Prince of Wales' Royal Indian Military College, Dehra Dun, Lieut.-General Sir John Shea, Adjutant-General in India, Mr. E. Littlehailes, Officiating Educational Commissioner with the Government of India, Sir Sivaswamy Aiyer, and Mr. F. A. Leslie Jones, Principal of the Mayo College, Ajmer. After hearing these witnesses the Committee completed and issued their questionnaires, after which they adjourned until December by which time it was expected that all replies would be received. Separate questionnaires numbering ten in all were framed for the Governors of Provinces and Local Governments, the General Public, Educational Authorities, Indian States, Commanding Officers of Indian King's Commissioned officers trained at Sandhurst, Parents of Indian King's Commissioned officers trained at Sandhurst, Indian King's Commissioned officers trained at Indore, Indian King's Commissioned officers trained at Sandhurst, and Viceroy's Commissioned officers. A special questionnaire was also sent to all Indian Universities with regard to the possibility of their recognising the course of training at the Prince of Wales' Royal Indian Military College, Dehra Dun, as conferring an educational qualification equivalent to some University standard. Of necessity, certain of the questionnaires and the replies received have been treated as confidential.

The Committee met again in Delhi on December 14th, 1925 and proceeded to consider the replies received to their questionnaires and to take the oral evidence of further specially expert witnesses, of military witnesses of all categories and of others who appeared from their replies to the questionnaires to be able to supply further information of value. Meetings were held daily for this purpose from December 14th to 23rd, and again later between January 8th and 16th, January 29th and February 6th, and February 18th and 27th. On February 28th at the kind invitation of Dr. Ziauddin Ahmad a visit was paid by the Committee to Aligarh and there the evidence of three members of the University staff was taken. In all the following witnesses were examined orally :—

Special Witnesses .. .. .	..	..	..	16
General Public Witnesses .. .. .	..	..	..	32
Educational Witnesses .. .. .	..	..	..	19
Representatives of Indian States .. .. .	..	..	..	4

Commanding Officers of Indian King's Commissioned officers	..	..	..	..	10
Parents of Indian King's Commissioned officers	..				5
Indian King's Commissioned officers trained at Indore	..	..	..	..	11
Indian King's Commissioned officers trained at Sandhurst	..	..	..	..	20
Viceroy's Commissioned officers	..			..	5

The civilian witnesses examined represented all shades of thought and all parts of India and included gentlemen well known in the public life of India such as Sir Chimanlal Setalvad, Dr. Paratjpye and Sir Purshotamdas Thakurdas from Bombay, Mr. Venkatapati Raju, Dr. Meston, Mr. S. Satyamurti from Madras, Col. Nawab Malik Sir Umar Hayat Khan, Sir George Anderson and Captain Ajab Khan from the Punjab, Dr. Sir Hari Singh Gour from Delhi, Dr. Chakravarti from the United Provinces, Mr. T. C. Goswami from Bengal, and U Tok Kyi from Burma. Among those representing Indian States was Sir Prabhaskar Pattani, formerly a member of the Executive Council of Bombay and of the India Council, while Lieut.-Colonel H. A. J. Gidney spoke on behalf of the Anglo-Indian Community.

At an early stage in the Committee's proceedings it was decided that it would be advisable that a Sub-Committee should be sent to England, and possibly also to other countries, to study at first hand the military training institutions there and also the system of education which usually precedes admission to a purely military college. It was originally proposed that this Sub-Committee should consist of five members, and the Committee selected for the purpose Pandit Motilal Nehru, Mr. Jinnah, Nawab Sir Sahibzada Abdul Qaiyum, the Hon'ble Sir Phiroze Sethna and Major Thakur Zorawar Singh. All of these agreed in the first instance to undertake the mission, but later Pandit Motilal Nehru resigned from the main Committee and Nawab Sir Sahibzada Abdul Qaiyum was unable for personal reasons to leave India. Their places were not filled since it had been recognised from the beginning that the Sub-Committee could not and need not be representative of different interests to the same extent as the main Committee and it was felt in the end that a smaller deputation would be able to carry out more expeditiously and effectively the duties delegated to them. Accordingly the Sub-Committee, as finally constituted, consisted of Mr. Jinnah, Sir Phiroze Sethna, and Major Zorawar Singh. Leaving India about the beginning of April, 1926, the members first met in London at the end of April. They visited educational institutions of all kinds in England and also toured in France, Canada and the United States. They were provided before they left India with a complete list of all points on which the

main Committee desired them to obtain information in the various countries they visited. They returned to India on August 13th, 1926.

Meanwhile a second Sub-Committee consisting of Lieut.-General Sir Andrew Skeen, Dr. Ziauddin Ahmad and Major Bala Sahib Daffé, had set out on August 8th on a tour of Indian Universities for the purpose of studying on the spot the extent to which suitable candidates for an Army career are to be found in these institutions. This Sub-Committee visited Bombay, Poona, Madras, Calcutta, Benares and Allahabad. The Punjab and Aligarh Universities were omitted because at the time they were closed for the summer vacation.

The main Committee met again in Simla between August 22nd and 28th, 1926, and after considering the evidence previously collected and the further information supplied by the two Sub-Committees formulated their conclusions and gave instructions for the drafting of their report. The report was considered and passed at two final sessions held at Delhi and Bombay from the 23rd October to the 4th November, 1926.

CHAPTER II.

THE FIRST TERM OF REFERENCE.

(a) " *By what means it may be possible to improve upon the present supply of Indian candidates for the King's Commission both in regard to number and quality* ".

5. *Introductory.*—Our first term of reference, reproduced above, implies that the number of Indian candidates who seek the King's Commission in the Indian Army, and possess the requisite qualifications for service in that capacity, is at present conspicuously small. The proposition so stated reflects a condition of affairs far from satisfactory, which might have been avoided, but which for the moment actually exists. We will review briefly the facts upon which the proposition is based and will then proceed to examine the causes of the deficiency as revealed by the evidence which we have heard. But it will be convenient, in the first place, to give a short historical account of the steps which have so far been taken to attract Indians to the career in question.

6. *Historical retrospect.*—Before 1918, Indians were not eligible to hold the King's Commission, that is to say, the Commission which is held by the British officers of the British and Indian Armies. For more than forty years the exponents of the political and national aspirations of the Indian people had demanded insistently on the platform of the Indian National Congress and elsewhere that Indians should be given opportunities of service in the Indian Army equal to those enjoyed by their British fellow subjects. But this demand has so far met with no substantial response from Government. It is true that in 1905 a special form of King's Commission in His Majesty's Native Indian Land Forces had been instituted for those Indian gentlemen who passed successfully through the full course of the Imperial Cadet Corps. But this commission carried only the power of command over Indian troops, and the holders of it, as they could not rise above the position of company officer in a regimental unit, had no effective military career open to them. Again, in 1918 the honourable part played by India in the Great War and the invaluable service which India then rendered to the Empire, brought to Indians the realisation in some measure of the privilege which they had long claimed to be theirs as of right. Indians were declared eligible on equal terms with British youths to receive the King's Commission in His Majesty's Land Forces, which carries with it the power of command over British as well as Indian troops. In pursuance of the decision last mentioned, the Great War being still in progress, a cadet school with accommodation for 50 cadets was opened at Indore in October, 1918, for the purpose of providing Indian cadets with the necessary military training, while in addition ten vacancies per annum were allotted to Indians at the Royal Military

College, Sandhurst. The Indore school, which was only opened as a temporary expedient to meet the special needs of the war, was closed after one year's existence. 49 cadets were admitted to Indore and 39 were granted King's Commissions. Since then King's Commissions are granted only to those Indian boys who are trained and qualify at Sandhurst.

The Montague-Chelmsford report on Indian constitutional reforms contains a reference to the problem of the Indianisation of the higher ranks of the Indian Army which may appropriately be here repeated :—

“ There remains one item the importance of which in the eyes of India outweighs all others. British commissions have for the first time been granted to Indian officers. The services of the Indian Army in the war and the great increase in its size make it necessary that a considerable number of commissions should now be given.”

The view of Lord Chelmsford and Mr. Montague, as expressed in the first sentence of the above quotation, was amply confirmed by the result of discussions which took place in the Legislative Assembly in the years 1921, 1923 and 1925, in the last of which the genesis of this Committee is to be found.* But the fact remains that there

*NOTE.—The following resolutions on the subject have been adopted by the Legislative Assembly :—

- (i) Resolution 7 of March 28th, 1921 :—“ This Assembly recommends to the Governor-General in Council :—
- (a) That the King Emperor's Indian subjects should be freely admitted to all arms of His Majesty's military, naval, and air forces in India and the ancillary services and the auxiliary forces, that every encouragement should be given to Indians—including the educated middle classes—subject to the prescribed standards of fitness, to enter the commissioned ranks of the Army and that, in nominating candidates for the entrance examination, unofficial Indians should be associated with the nominating authority, and in granting King's Commissions, after giving full regard to the claims to promotion of officers of the Indian Army who already hold the commission of His Excellency the Viceroy, the rest of the commissions granted should be given to the cadets trained at Sandhurst. The general rule in selecting candidates for this training should be that the large majority of the selections should be from the communities which furnish recruits, and as far as possible in proportion to the numbers in which they furnish such recruits.
- (b) That not less than 25 per cent. of the King's commissions granted every year should be given to His Majesty's Indian subjects to start with.” (Legislative Assembly Debates, 1921, Vol. I, No. 15, page 1753).
- (ii) Resolution 8 of March 28th, 1921 :—“ This Assembly recommends to the Governor-General in Council :—

has in the meantime been no advance upon the ten vacancies at Sandhurst originally allotted : and moreover, Indian King's Commissioned officers are still only eligible for employment in the cavalry and infantry arms, and they are not employed as King's Commissioned officers in the Artillery, Engineer, Signal, Tank and Air arms of the Army in India.

In the circumstances described it was realised that the profession thus opened to Indians by the decision of 1918 would be unfamiliar and arduous, and that some special concessions would be necessary, at any rate in the first instance, to induce suitable candidates to come forward. From the first it had been laid down that Indian boys should merely have to compete among themselves for the ten reserved vacancies at Sandhurst and should not have to compete for admission with British boys ; the standard adopted for the entrance examination in India was, as it still is, lower than that demanded in England ; the age limit was raised by one year in order to compensate for the later educational development of the average Indian boy, due largely to his having to learn his lessons in a foreign language ; and, although at this time the examination for entrance to the Indian Civil Service was held only in England, it was arranged

- (a) That adequate facilities should be provided in India for the preliminary training of Indians to fit them to enter the Royal Military College, Sandhurst.
- (b) That as soon as funds be available, steps should be taken to establish in India a Military College, such as Sandhurst and the desirability of establishing in India training and educational institutions for other branches of the Army should be steadily kept in view". (Legislative Assembly Debates, 1921, Vol. I, No. 15, page 1754).
- (iii) Resolution passed on July 4th, 1923 :—" This Assembly recommends to the Governor General in Council that he will be pleased to urge upon the Imperial Government the necessity for promptly giving effect to Resolutions 7, 8, 10 and 11 of the Assembly passed on the 28th of March, 1921, in connection with the Esher Committee's Report with the concurrence of the Government of India ". (Legislative Assembly Debates, 1923, Vol. III, No. 69, page 4301).
- (iv) Resolution passed on February 19th, 1925 :—" This Assembly recommends to the Governor General in Council that a Committee including Indian Members of the Legislature be immediately appointed to investigate and report :
 - (a) what steps should be taken to establish a military college in India to train Indian officers for the commissioned ranks of the Indian Army ;
 - (b) whether, when a military college is established in India, it should supersede or be supplemented by Sandhurst and Woolwich so far as the training of Indian officers is concerned ; and
 - (c) to advise at what rate Indianisation of the Army shall be accelerated for the purpose of attracting educated Indians to a military career." (Legislative Assembly Debates, 1925. Vol. V, No. 19, page 1273).

that the Army entrance examination for Indian boys, resident in India, should be held in India. The passages of successful candidates to and from the United Kingdom are paid from public funds. Indian boys were made eligible for King's India Cadetships at Sandhurst on the same terms as British boys. Finally, in order to reduce the educational handicap, the Prince of Wales' Royal Indian Military College was opened at Dehra Dun in March, 1922 with a capacity of 70 cadets for the purpose of giving prospective candidates for the army an education, commencing from an early age and on English public school lines, such as would fit them not only for the entrance examination but also for the subsequent ordeal of the Sandhurst course of training, and for their future association in the Army with British comrades.

7. *The present method of selecting candidates.*—Candidates for the Army entrance examination held in India are *selected*, that is to say, the system at present in force is not one of open competitive examination. The procedure laid down is, briefly, as follows. Some months beforehand the Government of India inform Local Governments and Administrations of the date fixed for the examination, and issue a communiqué to the press to the same effect. On receipt of this information the Local Governments publish a notification in the Local Government Gazette, issue a notice to the press of the Province, and address local officials and in some cases educational authorities announcing the date of the examination and calling for the names of would-be candidates. The procedure according to which applications to sit at the examination have to be submitted varies from Province to Province, but as a general rule it is necessary for the applicant to send his name in the first instance to the Deputy Commissioner of his district, who forwards the application, if approved by him, to the Commissioner, who in his turn forwards it to the Local Government, if approved by him. Either the Deputy Commissioner or the Commissioner may reject the application of a candidate whom these authorities consider to be unsuitable. In some cases educational authorities are permitted to send in names direct to the Local Government. All these authorities are instructed expressly to select candidates as a general rule from communities which furnish recruits for the Army. It is at the same time laid down in the regulations that the claims of candidates from the educated middle classes should receive consideration.* A candidate whose applica-

*NOTE.—Paragraph 4 of the "Provisional Regulations respecting Admission of Indian Gentlemen to the Royal Military College, Sandhurst, England, 1925" lays down that:—"The general rule in selecting candidates should be that selections should be made from the communities which furnish recruits, in proportion to the numbers in which they furnish such recruits. Regard should also be had to the claims to consideration of candidates from the educated middle classes."

tion reaches the Local Government is summoned in due course to appear before a Provincial selection board presided over as a rule by His Excellency the Governor and including usually one or more non-official Indian gentlemen of standing in the Province. Should the candidate be considered suitable by this board, his name is forwarded to the Government of India and he is permitted to sit for the competitive entrance examination. This examination consists of a written test, a medical test, and an oral examination by a board consisting of two senior military officers who have held command of Indian regiments, and an educational officer nominated by His Excellency the Viceroy. On the combined results of these three tests the final selection of candidates is made by His Excellency the Viceroy, who recommends those selected to the Secretary of State for India for admission to Sandhurst.

8. *The Indianisation of eight units of the Indian Army.*—While, as has been stated, no increase has been made in the number of vacancies for which Indian candidates are eligible and there has consequently been no acceleration of the pace of Indianisation, the method of Indianisation was in 1923 altered to a special form under what is known as the "eight units scheme" designed to test the practicability of successful Indianisation in the Army. The scheme can best be described in the words of the announcement made in the Legislative Assembly by the late Lord Rawlinson, then Commander-in-Chief in India, on the 17th February, 1923 :—

"Speaking in this Assembly on the 24th January last, I expressed the hope that it would be possible to announce at no very distant date what measures are to be adopted in regard to the Indianisation of the Indian Army. In the short interval that has elapsed the correspondence which I then said was proceeding has been concluded, and I am able to announce to the House the following decision. The Government consider that a start should be made at once so as to give Indians a fair opportunity of proving that units officered by Indians will be efficient in every way. Accordingly it has been decided that eight units of cavalry or infantry be selected to be officered by Indians. This scheme will be put into force immediately. The eight units to be wholly Indianised will be mainly infantry units, but there will be a proportion of cavalry. They will be chosen judiciously so as to include as many representative types as possible of Indian battalions and cavalry regiments of the Indian Army. Indian Officers holding commissions

Cf. also paragraph 8 of "Information respecting conditions of admission to the Prince of Wales' Royal Indian Military College, Debra Dun (Revised 1924)" :—"In selecting the candidates whom they desire to recommend, the local authorities referred to in rule 12 will give special consideration to the sons of Indian officers of good service : and their recommendations will always include a proportion of candidates of this class, if available and suitable."

in the Indian Army will be gradually transferred to Indianising units so as to fill up the appointments for which they are qualified by their rank and by their length of service, and the process of Indianising these units will then continue uninterruptedly as the officers gain seniority and fitness in other respects, which will qualify them for the senior posts. I have given the House these few details because I think they will be of interest as revealing some of the practical aspects of the change. There is one other point, however, which it is necessary for me to explain. It is that, simultaneously with the Indianisation of these selected eight units, Indians who qualify for the King's Commission will continue as at present to be posted to the other units of the Indian Army. The number of Indian cadets now sent to Sandhurst each year, if all pass out successfully, is more than sufficient to replace the normal wastage in the eight units alone."

9. *Results achieved.*—Since 1918, there have been all told 83 vacancies at Sandhurst exclusively reserved for Indian cadets, three extra vacancies having been allotted at different times for the purpose of replacing boys who, having secured admission to Sandhurst, failed to proceed there or who were removed shortly after admission. For these vacancies only 243 boys have competed in India. 16 Indian boys educated in England have been passed by the Selection Board at the India Office : and, these being included, the total number of Indian boys who have gained admission to Sandhurst has coincided with the number of vacancies allotted, i.e., 83. Of these, 18 boys are still at Sandhurst, having not yet completed the prescribed course of training : 44 have passed out successfully : 2 died and 19 failed to qualify. The percentage of failure among the boys who have to date completed the Sandhurst course has been approximately 30 : the corresponding percentage of failure among British boys at Sandhurst is approximately 3.

Of the 44 Indian boys who have passed successfully out of Sandhurst, 42 now remain in the Indian Army. The other two have, for different reasons, resigned their commissions.

Of the 83 boys who passed the Sandhurst entrance examination 35 were residents of the Punjab, 12 belonged to Bombay, 9 each to the United Provinces and Bengal, 5 to the North-West Frontier Province 3 each to Rajputana and Hyderabad, 2 each to Burma and Coorg, and 1 each to Behar, Assam and the Central India Agency.

These figures speak for themselves and require little comment from us. But we are bound to add that the simple inference which the statistics suggest is confirmed by the reports of the various Boards of Examiners which have conducted the entrance examination in India and by most of the reports submitted by the Sandhurst authorities on the earlier contingents of Indian cadets. Recently, since the products of Dehra Dun have appeared at Sandhurst, there have been

more encouraging results. But even so the system which exists to-day in regard to the recruitment of Indians as King's Commissioned officers has resulted in failure. The number of candidates who appear is insignificant, and the few vacancies allotted at Sandhurst are filled with the greatest difficulty. Yet it is hard to believe, and we do not believe, that among the 300 million inhabitants of India, there does not exist a supply of potentially valuable material sufficient to provide competent Indian King's Commissioned officers in much larger numbers than are at present forthcoming. The system of recruitment is defective, and it is this system which must be attacked. From the national point of view and from a wider standpoint also it is imperative that the best material wherever it exists should be sought for and encouraged. His Excellency Sir Malcolm Hailey, Governor of the Punjab, has said in his evidence—

“The matter is in my opinion one of supreme importance. India is gradually losing the somewhat isolated position it has occupied for the last two generations in the politics of Asia, and will have to meet complications of a different character than the purely frontier disturbances with which it has been familiar of late years. It is a point on which I need not enlarge ; the facts are too well known ; but it appears to me of supreme importance to secure the best possible material for Indian officers of the Army.”

Sir Prabhshankar Pattani in his evidence has stated the other and wider aspect of the matter—

“My point of view is not from the point of view of Indianisation against Europeanisation. I am only treating it as an Imperial question. It is in the interest of the Empire itself that every component part, every limb of the Empire, should be equally strong so that no weak link or organ, no weak part of the body, should be so weak as to hamper the whole of the body in the event of a great danger”.

With these opinions and sentiments we wholly agree. The view of Government must, we take it, be the same and further argument or exposition on our part would therefore be superfluous.

CAUSES OF THE PRESENT FAILURE.

10. *The past policy of Government.*—Many and various reasons have been assigned for the unsatisfactory state of affairs described above. The root cause is plain to see. It consists in the fact that until 8 years ago Indians were wholly excluded from positions of high responsibility in the army, all military appointments carrying the King's Commission being held by Europeans alone. The potency of this cause will be at once appreciated when it is remembered that in the United Kingdom the great majority of army officers are drawn from families with traditions of military service and military distinction extending through many generations. In India, and so far

as Indians are concerned, the position is entirely different. As is well known, there are classes of the population with whom the profession of arms is hereditary, and *prima facie* these should readily produce good material of the kind required ; but their experience of military service is confined to service in the ranks, or service as Viceroy's Commissioned officers whose authority and responsibilities are narrowly limited. The King's Commission is now open to those Indians also who do not belong to the so-called martial classes, that is to say, to Indians of classes which, owing to the comparative smallness of the Indian Army and on the principle of the survival of the militarily fittest, are not enlisted in the Indian Army at all. These have no recent tradition of military service of any kind. It is in fact not too much to say that until quite recently the educated middle classes have been definitely debarred from a career as military officers in the army of their country.

In addition to the other factors which have been mentioned, sections of Indian political opinion charge Government with having increased unnecessarily the difficulties in the path through the restrictions of the Arms Act, or, as political opinion expresses it, the disarmament of the people.

In these circumstances it is not surprising that there should be on the part of the generality of Indians great and widespread ignorance of the possibilities of a career in the higher ranks of the army and a corresponding lack of impulse to seek out that career and adopt it. We have in the course of our inquiries heard doubts expressed whether a strong and genuine military spirit, such as is essential to the training and command of troops, can be created or, it may be said, revived in the people of India as a whole. It is suggested that in certain parts of the country climatic influences and detachment from the immediate menace of any form of external aggression constitute a natural and perhaps insuperable obstacle. But even those who express such doubts and suggestions would not proceed to urge that the Government should refrain from attempting to build up a military tradition more comprehensive and more widely diffused than that which exists at present.

The task which the Government have laid upon themselves is not easy. In view of the past exclusion of Indians from the higher ranks of the army, in view also of the past history, in other respects, of India under British rule, of her past dependence upon others for the higher administration of the country, both civil and military, there are difficulties which it will require a special degree of patience, wisdom and sympathy to surmount. The remaining causes which have been represented to us are in the main particular manifestations of the general root cause which we have here described. It is important to examine them in some detail because the process not infrequently suggests the specific remedy required. But to see the problem as a whole in proper perspective, it is in our opinion essential

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constantly to bear in mind the primary facts and considerations set forth in this paragraph.

11. *Defects in the educational system of India.*—One of our most authoritative witnesses has said "It must be recognised that the system of education in India differs so widely from that in England that Indian boys are at a real disadvantage in complying with a test such as is required for entrance into Sandhurst". The truth of this statement is beyond question. The British officer of the Indian Army upon whose standards the test for entrance into Sandhurst is based is the product of a very highly organised system of education of which at present no counterpart exists in India, except in so far as some of the features of the English public school have been incorporated in the Prince of Wales' Royal Indian Military College, Dehra Dun. The English boy usually proceeds to a preparatory school at the age of 7—8 years, and thence at the age of 13—14 years to a public school where he remains until he passes into Sandhurst at the age of 18—19 years. In both types of school, he is as a rule away from his home. Apart from the literary education he receives, a great deal of attention is paid to the training of his character by means of games and the throwing of responsibility for much of the school discipline on the shoulders of the boys themselves. It is claimed that in this way the power of leadership and the spirit of initiative are strongly developed. Much attention is paid to physical training and in the public schools a measure of military training can be obtained in the Officers' Training Corps, membership of which is however not compulsory. The ordinary schools and colleges of India do not provide these special advantages, nor does the ordinary curriculum in these institutions cover the subjects of the army entrance examination. In addition, the Indian boy usually commences his real education at a later age than the English boy and is then further handicapped by having to imbibe his literary instruction through the medium of a foreign language. It must be frankly acknowledged therefore that the early education and training which the average Indian boy receives is much less complete than that which a boy enjoys in England, France or America : and consequently the Indian boy in present circumstances is handicapped in competition with British boys of equal age, especially in a sphere where physical considerations and general aptitude for dealing with and controlling men are of equal importance with purely intellectual attainments.

It follows that material reforms will be required in the matter of educational organisation and methods before Indian schools and colleges can hope to produce a regular flow of Indian boys fitted in every way to hold the King's Commission, and we make recommendations on this subject in another part of our report. At this point we wish to emphasise the fact that the present deficiencies in the Indian educational system have a necessary connexion with the past policy of Government in regard to the admission of Indians to the

higher ranks of the Army. In England the educational system has been definitely adapted, in part at any rate, to the production of efficient leaders of men. In India the educational authorities have had no encouragement to adopt a similar policy : there have been no similar openings for which to train their boys.

12. *The age limit.*—At present an Indian boy is required to qualify for admission to Sandhurst before attaining the age of 20, this being higher by one year than the age limit prescribed in the case of British boys. It has been represented to us that the age limit for Indian boys should be raised still further as compensation for the handicaps of early education to which we have previously referred. But to raise the age limit for admission to Sandhurst and consequently the age at which the boy is commissioned would bring in its train disadvantages in the boy's subsequent military career. The proper solution for the disability with which we are here dealing is that education should be commenced at an earlier age than is usual at present and that the methods of education should be reformed. Ultimately we think it would be a desirable result if British and Indian boys were commissioned at the same age and entered the service together on an equal footing in regard to age as well as in other respects.

13. *Lack of publicity and suitable propaganda.*—We have already referred to the wide-spread ignorance which exists regarding a career in the Army, and we believe this to be due in part to lack of publicity. We find that witnesses from the Punjab alone are satisfied with the official information which is at present issued on the subject. Witnesses from other parts of India have stated almost unanimously that Government have not sufficiently studied or practised methods of publicity and that far more should be done to educate the people to a knowledge of the merits of a King's Commissioned officer's career, of the qualifications required by intending candidates or of the means by which such qualifications may be secured.

14. *Defects in present method of selection.*—There are certain features in the present method of selection which have been strongly and we think justifiably condemned by many of our witnesses. In the first place it is regarded as seriously objectionable that the channel of application should be so rigidly official and that the intending candidate should have so many official stages to traverse, the scrutiny by the Deputy Commissioner, the scrutiny by the Commissioner and finally the selection by the Governor and his advisers, before he gains the right to appear at the entrance examination. It is contended, correctly as we think, that the local officials are not in intimate contact with certain classes of the community capable of supplying suitable candidates and that candidates tend therefore to be drawn almost exclusively from the families of officials, serving and retired, and from the families generally of individuals who, for one reason or other, are concerned to maintain close relations with Government and Government officials. It is urged that in India as in

England the educational authorities, who possess valuable knowledge of a boy's school character and educational qualifications, should be allowed to play a prominent part in the initial selection of candidates. In the second place, it is urged, and we agree, that it is undesirable that the power of rejecting a candidate altogether should be vested not only in the Local Government but also in the Commissioner and the Deputy Commissioner. It is probable, we think, that candidates, particularly those who have no official connexion, would be deterred from even approaching so formidable a series of tests. A third deterrent on which emphasis has been laid from the point of view of the general public is the fact that the instructions to the selecting authorities definitely imply that the sons of soldiers are to be given preference. Finally, it has been represented that while in England specific arrangements have been made to enable efficient non-commissioned officers to qualify for promotion to commissioned rank, no corresponding provision has been made in India to enable Viceroy's Commissioned officers to gain the King's Commission, though these as a class possess military traditions and military qualities of great value, and on their co-operation and good will the success of the Indianisation of the army must largely depend.

15. *Objections to Sandhurst.*—Another check upon the flow of candidates has undoubtedly been the necessity of proceeding to Sandhurst for military training. The average Indian parent has been and still is reluctant to send his son, at an impressionable age, to a distant foreign country of which very probably he has no personal knowledge himself. The idea of separation is in itself repugnant; but there has also been in the minds of many parents the natural fear that their sons would not be able to acquit themselves with credit in an atmosphere so utterly unfamiliar as that of a British military college, governed by a stern discipline, in which the Indian element is liable to be swamped by an overwhelming majority of British boys with whom the Indian cadets can as a rule have little in common. There has also been the fear of exposure to temptations which the Indian boy, from lack of experience alone, might not be able to resist. The problem of how the Indian boy should spend his holidays presents further difficulties; and we have also reason to believe that the arrangements which at present exist for the official guardianship of Indian cadets are not at all satisfactory. We are aware that many Indian parents of their own volition send their sons to European Universities in order to obtain some form of academic or professional training; and such boys have not the protection which is afforded to cadets at Sandhurst, at any rate during term-time. But the two matters are regarded differently, for two reasons. In the first place the Indian boy who goes to Oxford or Cambridge is generally older and better able to look after himself. Secondly, a very high percentage of the Indian boys first sent to Sandhurst failed to obtain commissions and parents came to

know that the consequences of such failure are very serious. It must be a rare thing for an Indian boy to return at the end of his University training without some qualification which will enable him to enter some recognised walk of life. The Indian boy who fails at Sandhurst is thrown upon the world without any marketable qualifications.

We believe, however, that the weight of these difficulties is now diminishing. The best type of Indian boys who in recent years have been successful at Sandhurst say they enjoyed their life there and unhesitatingly acknowledge the great advantage they have derived from being trained there. The boys who have received their early education at Dehra Dun do not suffer from the same disabilities as the earlier batches of cadets and their impressions of life at Sandhurst are communicated to others. And indeed it was essential that in the first instance Indians should receive their military training at Sandhurst. An Indian King's Commissioned officer must like the British officer be capable of handling mixed bodies of men and for that purpose he should have the advantage of some period of association with the British cadets who are taking up commissions at the same time as himself. A common background of early training is of great importance in the army where *esprit de corps* is a supremely vitalising force. It was essential also that the first series of Indian cadets should benefit by the traditions of Sandhurst and by its high standard of efficiency, a standard which it may be difficult fully to reproduce in India. Finally, as our witnesses have generally acknowledged, a period of residence in a foreign country, undertaken at an early age, broadens the outlook and gives a knowledge of the world which is of inestimable value to a soldier as it is to others.

16. *The cost of education and military training.*—It has been estimated that for the eighteen months course at Sandhurst an Indian parent who is a military officer and as such is charged reduced fees has to pay approximately Rs. 7,000, while the cost to an Indian parent who receives no concession is approximately Rs. 11,000. If the cadet has received his early education at the Dehra Dun College, this adds another Rs. 5,000 in the case of the soldier parent and another Rs. 10,000 in the case of the civilian parent. It has been represented to us, and we believe it to be true, that expenditure on this scale is altogether beyond the capacity of the average Indian parent belonging to the middle classes : and there can be no doubt that the factor of expense has also deterred candidates from coming forward who would otherwise be suitable. India, it must be remembered, is a very much poorer country than England, and, as we shall show later, Indian candidates for the Army receive at present less pecuniary assistance than is given in many other countries.

17. *Conditions within the Army. Scheme for the Indianisation of eight units.*—When Indianisation in the Army first commenced, the

average Indian boy must naturally have felt some apprehension at the prospect of invading a province previously reserved entirely for British military officers who as a type have the reputation of a certain exclusiveness. The evidence we have heard in regard to this matter reveals, however, a satisfactory state of affairs. The Indian King's Commissioned officers have been well received and have been treated on equal terms with British officers both in the British units to which they are attached for their first year of service and also in the Indian Army units to which they are subsequently transferred. But conditions within the service have altered for the worse, from the point of view of the Indian officer, by the introduction of the scheme for the Indianisation of eight units of the Indian army, which has been described in paragraph 8 of this report. Our Sub-Committee have been informed that the main reason for the adoption of this scheme was a desire to provide a means of testing the worth of the Indian King's Commissioned officers. In time of crisis, it is argued, it might be that if they were mixed in units with British officers any shortcomings they possessed might be concealed, while if they were put to the test by themselves they would have to stand or fall on their own merits, and would have an opportunity of demonstrating that complete reliance could be placed in them. The task thus formulated for the Indian officers of the eight selected units gives them a worthy enough ideal to strive for, but, for reasons which appear to us to be convincing, the scheme has been extremely unpopular almost from its inception not merely with the general public in India, but with the Indian officers whom it directly affects and with most of the commanding officers of Indianising units. The first and almost universal criticism provoked by the inquiries we have made is that to confine Indian officers to these units is an invidious form of segregation and that every Indian officer should be given the same chance of selecting the unit to which he wishes to be sent as a British officer. Several Indians who now qualify for the King's Commission have family connexions with particular units extending over many years, their fathers and grandfathers having held the Viceroy's Commission in them, and it is natural and laudable that they should wish to continue the family tradition. In the case of British officers such a tendency is, we believe, definitely encouraged. But there are objections to the scheme of a more concrete character. In the first place the test as formulated by the authorities is, we think, an unfair one and too severe to impose upon the first generation of Indian King's Commissioned officers who, as we have shown, already have sufficient disadvantages of other kinds to overcome. The scheme is also in conflict with the principle of co-operation between British and Indian which is applied in every other sphere of the Indian administration, for the purpose of securing harmonious work and to increase the efficiency of Indian personnel. Both for psychological and practical reasons the continuance of the scheme can, in our opinion, only

conduce to failure. With Indianisation proceeding in the army in any measure, the only means of ensuring successful Indianisation and, concomitantly, the maximum degree attainable of military efficiency, is to allow Indian officers to serve shoulder to shoulder with British officers each learning from the other in every unit of the Indian Army. This was the original plan and, as we believe, the correct one. There is one other practical consideration to which we attach importance. The Indian King's Commissioned officer is still a new element in the Indian Army to which that most conservative body of men, the Indian rank and file, have not yet had time to become fully accustomed. By the method which we advocate this new element can be absorbed with the least degree of questioning and the least derangement of the existing system of the Indian Army taken as a whole.

In the course of hearing evidence, our attention was drawn to a lecture delivered some time ago at Sandhurst which we were told produced upon the minds of certain Indian cadets who heard it the impression that under the "eight units scheme" no British boy entering the Indian Army would ever be liable to serve under the command of an Indian, and that this was put forward as an argument to induce British boys to enter the Indian Army. Our Sub-Committee ascertained that the India Office authorities knew nothing of this lecture : but the Sandhurst authorities referred the Sub-Committee to the lecture reproduced in Appendix III to this report and added that the impression suggested was not left on the intelligent portion of the audience. We ourselves, however, are definitely of the opinion that certain passages in the lecture are open to no other interpretation than that originally placed upon them by the witnesses to whose evidence we have referred. We do not believe that it was the intention of Government that the "eight units scheme" should have the result claimed for it by the lecturer. The intention if it existed would be plainly mischievous. But we are constrained to observe that the tendency of thought which we find in the lecture is repeated in the following passage from Sir Valentine Chirol's recently published book* on India :—

" But the racial feeling provoked by the question of Indianising the Army is not confined to the Indians. Though the Army Department may wish now to approach it chiefly from the point of view of military efficiency, it has to reckon with the strong racial objections of British officers to being placed in the position of ever having to take orders from Indian officers. Nor can one ignore the danger of personal friction between British and Indian officers with their very different outlook and social habits if they are made to rub shoulders in a common messroom. But the feeling goes far deeper, and responsible and

*The Modern World Series, India, by Sir Valentine Chirol, 1926.

experienced British officers, not unnaturally proud of the confidence and even personal affection of their native officers as well as of their men, are found to declare that the Englishman's prestige with the native troops themselves will be gone if they are ever placed under other than British command. Indians whom education has trained to modern standards of self-respect resent deeply such a stigma of racial inferiority."

The idea that as a result of the introduction of the "eight units scheme" no British officer will ever have to take orders from an Indian officer, is, apart from everything else, fallacious. Before the "eight units scheme" was adopted, there were Indian King's Commissioned officers in other units and they remain there and will continue to be senior to all British officers who join these units subsequently. Moreover regimental units are not watertight compartments: and there are numerous occasions in army life when the officers of one unit come into contact with officers of other units: and on such occasions the senior officer, whoever he may be, takes precedence and command. But, however fallacious the idea may be, the mere fact that it is current is fatal to any prospect of success which the "eight units scheme" might otherwise have had. Suspicion and mistrust have been engendered which it will hardly be possible to remove without the scheme itself being abandoned.

18. *Caste restrictions.*—It has been suggested that suitable candidates may be deterred from entering the Army by the knowledge that the exigencies of army life are liable to interfere with caste obligations. From the evidence which we have heard, however, and from our own knowledge we are satisfied that in the present day conditions of India this is not a serious or wide-spread difficulty. On the contrary, the Indianisation of the Army as it is at present proceeding is likely to have the excellent result of further mitigating the differences of caste and creed. The difficulties arising out of caste restrictions and differences of religious belief have been overcome with marked success in the Dehra Dun College where the boys are specifically prepared for the social and commensal side of life in the army.

19. *Insufficiency of pay and prospects.*—In 1921 the Legislative Assembly adopted a resolution recommending that the pay of Indian King's Commissioned officers should be less than the pay of British officers of the Indian Army, the measure of difference being the amount of "Overseas allowance" drawn by the latter in consideration of their undertaking continuous service in a foreign country. The Government of India have not acted upon this recommendation and we have heard from a number of witnesses that even the existing scale of pay is insufficient for the needs of Indian King's Commissioned officers. We have also been told that boys who would be suitable

for the army prefer to enter the civil services because of the greater pecuniary attractions of the latter. We have considered very carefully the representations made to us, but we do not feel that Government would be justified in increasing pay as a means to obtain a better supply of Indian cadets. Pecuniary aid from Government may more suitably take another shape as we shall explain when we make our recommendations regarding the incidence of the cost of cadets' education and their preliminary military training.

20. *The narrow scope of the present scheme of Indianisation.*—The difficulties and obstacles which we have discussed in the last few paragraphs, however real, are with certain obvious exceptions matters of subsidiary importance. The most substantial reason for the dearth of candidates and one which we believe, after very careful consideration, to be the governing factor in regard to future policy is the extremely narrow scope of the scheme for the Indianisation of the higher ranks of the Army in India which has so far been sanctioned. Recruitment of Indian King's Commissioned officers for infantry and cavalry units of the Indian Army is limited to a maximum of ten per annum for the whole of India : Indians are still not eligible to hold the King's Commission in artillery units, in the military engineer services or in the Royal Air Force : and even the scheme for the partial Indianisation of the Indian Army is avowedly experimental and provisional in character. We are aware that the official view hitherto expressed has been that the basis of the scheme of Indianisation cannot be broadened unless and until a larger number of fit candidates come forward to compete for the vacancies at present available. But we, regarding the matter from a human and practical standpoint and looking to what we believe must be the psychology of potential candidates, are convinced that there can be no hope of real progression so long as the prudent official view, which we have mentioned, is maintained. The enterprise of seeking the King's Commission is still a new and formidable one to the Indian boy, and with the few opportunities offered the risk of failure is very great. In such circumstances it is impracticable to expect material improvement in the quality of candidates or an adequate increase in competition.

We have already said that we believe good potential material to exist which the efforts of Government have not yet succeeded in reaching. This belief is based upon evidence of a substantial and credible character. There are a number of young King's Commissioned officers already in the Indian Army who are pronounced by their Commanding Officers to be efficient, according to the single standard of efficiency which the army recognises : and many of these have reached their present position in the face of far greater disadvantages and difficulties than a British boy has to overcome. The Royal Military College at Dehra Dun which has been in existence for only 4½ years

has shown that even average Indian boys, given proper facilities, can pass with credit not only into Sandhurst but out of it. So far no Dehra Dun boy has failed at Sandhurst and the Dehra Dun boys, as a class, have earned the good opinion of the present Commandant of Sandhurst. Sir John Maynard, formerly member of the Executive Council of the Punjab, who served for forty years in India, has assured us that in the Punjab alone there are many boys who do not appear for the Sandhurst examination but are of better quality than accepted Sandhurst candidates whom he himself had seen. We have similar testimony from other witnesses and also from those of our colleagues who are well acquainted with the standard and type of qualifications required in a King's Commissioned officer.

But in order to attract to a military career the better material we believe to be available it will not suffice merely to remove the subsidiary obstacles which at present exist, it will not suffice to adopt better methods of publicity, to apply more effective propaganda, to introduce a system of open competition for entrance to Sandhurst, and to reduce the cost to the parent of his son's preliminary education and military training. It is also doubtful if it would be considered a practical proceeding to put forth so much effort for the sake of filling ten vacancies : and, above all things, it cannot be expected that the educational authorities in the schools and colleges of India will interest themselves in the special preparation of boys for the Army or will introduce the changes which are certainly necessary in the educational system of the country, so long as the prizes to be gained are limited to 10 vacancies at Sandhurst per annum for all India and so long as the prospects of an Indian boy in the Army are not set upon a more assured and progressive basis than exists at present. Another consideration of importance is that there is reason to believe that the superior attractions of a career in the civil services have already diverted potential candidates for the Army, and it is natural that the minds of parents and of the educational authorities should be impressed with the greater measure of liberality which the Government have recently accepted in regard to the Indianisation of the civil side of the Indian administration. It will be said, and we recognise, that the civil services and the Army cannot be regarded as being on exactly the same plane in the matter of Indianisation. But the difference of treatment which is at present accorded in the two departments of the administration is great and conspicuous : and the result must surely be that the average Indian parent is reluctant to destine his son to a military career, and feels that the Indianisation of the Army is, *in the minds of the authorities*, still suspect and uncertain.

It is not our purpose or desire that the number of Indian King's Commissioned officers in the Army should be increased without reference to considerations of efficiency. We recognise that in the army

there can only be one standard of efficiency, namely the highest. We hold strongly, therefore, that the severity of the existing tests should not be relaxed in any way, and, if Indians capable of satisfying these tests are not forthcoming, then the pace of Indianisation must for the time lag behind the number of vacancies offered. But at the same time we contend that, in order to induce the best material to accept the admittedly arduous preparation for a military career and in order to induce the educational authorities in India to lend their active co-operation, it is necessary to widen the field of opportunity. Apart from reforms in matters of detail, which would not in themselves be sufficient, we can find no other satisfactory answer to our first term of reference.

RECOMMENDATIONS.

21. *A substantial and progressive scheme of Indianisation.*—Our primary recommendation is, therefore, that a substantial and progressive scheme for the Indianisation of the Indian Army be adopted without delay, and, subject to an important qualification on the part of some of our colleagues, which we mention later, we recommend the carrying out of the particular scheme which is described in detail in Appendix II to this report. The main features of this scheme are as follows :—

- (a) An immediate increase of 10 vacancies at Sandhurst, making a total of 20 vacancies reserved for Indians. We have assumed that this increase becomes effective in 1928.
- (b) A further increase of 4 vacancies at Sandhurst per annum up to 1933, making the total number of vacancies in that year 38.
- (c) The establishment in 1933 of an Indian Sandhurst with capacity for 100 cadets, to which in that year and each of the two following years, 33 cadets are admitted for a 3 years' course of training.
- (d) When the Indian Sandhurst is established, Indian boys, who prefer it, continue to be eligible for admission to Sandhurst, but the number of vacancies at Sandhurst reserved for Indians is then reduced to 20 per annum.
- (e) The number of Indian boys admitted annually to the Indian Sandhurst increases by 12 every 3 years, and, on the assumption that all cadets are successful, both at Sandhurst and the Indian Sandhurst, the number of Indians commissioned increases correspondingly until, in 1945, half the number of officers recruited annually for the Indian Army consists of Indians.

(f) By 1952 half the total cadre of officers in the Indian Army are Indians.

Our reasons for recommending the creation of an Indian Sandhurst and the proposals we make in that connexion are contained in a later part of our report. At this point the Indian Sandhurst is mentioned incidentally in order to illustrate completely the suggested scheme of Indianisation.

By 1944 the senior of the Indian King's Commissioned officers now in the Army will have completed 26 years' service and will therefore be due to be considered for the command of regiments. This is the crucial test, and because of this it has been suggested (in the scheme described in Appendix II) that the number of Indians commissioned should not reach 50 per cent. until this stage has been passed. Our colleagues, the Hon'ble Sir Phiroze Sethna, Mr. M. A. Jinnah, Diwan Bahadur Ramachandra Rao, Major Zorawar Singh and Major Bala Sahib Daffé, while agreeing to the principles upon which the suggested scheme of Indianisation is founded, consider that the culminating point of the scheme, that is to say, the Indianisation of 50 per cent. of the cadre of officers in the Indian Army, should be reached at an earlier stage, *viz.*, after 15 years in the case of Mr. Jinnah, Diwan Bahadur Ramachandra Rao and Major Zorawar Singh, and after 20 years in the case of the Hon'ble Sir Phiroze Sethna and Major Bala Sahib Daffé, and that the intermediate stages subsequent to the establishment of the Indian Sandhurst should be correspondingly accelerated. It is, however, unanimously agreed that, whether the slower or the more rapid rate of progression is ultimately adopted, the scheme actually in operation should be reviewed in 1938, that is to say, 5 years after the inauguration of the Indian Sandhurst, with a view to considering whether the success achieved is not sufficiently solid to warrant a further acceleration of the rate of progress.

We have not attempted to carry the scheme beyond the point at which 50 per cent. of the total cadre consists of Indians, and we make no recommendation as to what the ratio of recruitment of British and Indian officers respectively should be after that point has been reached. Again we do not attempt to forecast the time when it may be possible to dispense with the British element in the Indian Army. We also for the present assume, generally, the employment in India of a quota of British troops. We are fully alive to the fact that the progress of our scheme, as of any scheme, must be contingent upon success being secured at each stage and upon military efficiency being maintained throughout. We have given explicit recognition to the possibility that our scheme, if adopted, may itself require to be modified in the light of experience.

On the civil side of the administration the fear has often been expressed, and has to some extent been realised, that Indianisation will cause a falling off in the recruitment of British candidates for the

services. The same phenomenon is liable to occur in connexion with the Indianisation of the Army. As we have indicated in our observations regarding the "eight units scheme", a continued supply of British officers, of the same high quality as those who have served India in the past, will, apart from everything else, be a great and valuable aid for the present and for some time to come to successful Indianisation. We should, therefore, regard it as specially important to maintain the proportion of British recruitment required.

22. *Indianisation in other arms.*—We also recommend that Indians should be made eligible to be employed as King's Commissioned officers in the Artillery, Engineer, Signal, Tank and Air arms of the Army in India and that for this purpose Indians should be admitted to Woolwich and Cranwell until such time as the occasion arises to create corresponding facilities for training in India. We would make it a condition that Indian boys seeking to enter Woolwich or Cranwell should be required to pass the same qualifying tests as British boys. If this condition is accepted, we can find no justification for the exclusion of Indians from the arms of the service which we have mentioned. To exclude them is in fact inconsistent with other recent developments of military policy in this country. The refusal of commissions in the Air Force is in our opinion singularly indefensible because a number of Indians were actually employed as officers in the Royal Flying Corps during the Great War. They rendered efficient service. One was awarded the Distinguished Flying Cross, and he and another of the officers referred to were killed in action. As regards the military engineer services, it may be observed that, in the civil administration, Indians hold, and achieve distinction in, engineering appointments of the most responsible nature.

We recommend therefore that in 1928 eight vacancies should be allotted to Indians at the Royal Military Academy, Woolwich, and two at the Royal Air Force College, Cranwell, and that those numbers should be increased progressively, in due proportion.

23. *Subsidiary recommendations.*—If the measures described in the two preceding paragraphs are adopted, we believe there will then be sufficient inducement for Indian boys of the best and most suitable type to turn their minds in the direction of a military career and to qualify themselves for it by the most strenuous system of training that may be found to be necessary. It will then be worth while to expend both effort and money on removing the various disabilities of a subsidiary character on which we have commented earlier in this chapter. And it will be essential to do so; for our main scheme will ultimately stand or fall by the quality of the material which it succeeds in producing, and which has yet to be produced in the numbers constituting the basis of our primary proposals. Accordingly, we make the following further recommendations.

24. *Improvements in the system of early education.*—We have already discussed the disadvantages imposed upon the average Indian

boy by the defective educational system of India. As regards the remedy to be applied, we think we cannot do better than quote in the first instance the following passages from the Report made to us by our Sub-Committee :—

“ Our observations also led us to realise that there are certain directions in which it is very necessary to improve the general standard of preliminary training of such candidates before they are admitted to the College lest during their course there they are handicapped by comparison with the British cadets who have undergone their earlier education at Public Schools. We make no mention here of character training or of the development of the less tangible qualities which are required in an officer, and refer only to such subjects as can form a definite part of the school curriculum. Under this heading there are three respects in which we gather either from the boys themselves or from their instructors that the average Indian cadet is at a disadvantage. These are English, military training and physical training.” • • • •

“ Whereas in France and the United States no attempt is made to emulate the English Public School system, and in Canada the attempt is a very small one at present, we have the evidence of the Headmaster of Rugby School that a number of headmasters of French Lycées were in favour of the adoption in France of the English prefect system which plays such an important part in the building up of character and the development of the power of leadership, while the importance of these features are not underrated in the United States where at West Point they are placed in the very forefront of the programme of training at the Academy. The length of the courses there and at Kingston make it possible to do in them much towards the training of character which in England is done in the school stage ”. • • • •

“ While we recognise that the Indian boy has not the same advantage as the British boy who is educated and trained up under the public school system, and is therefore deficient in certain matters to which reference has already been made, yet at the same time it cannot be forgotten that in countries like France, the United States and Canada there are with a few exceptions no public schools of the English model, but nevertheless they have been able to produce officers of great character who possessed great powers of leadership.”

“ Of all the Indian schools it is only at the Royal Indian Military College, Dehra Dun, which is run as far as possible on the lines of an English Public School, that an avowed

effort is made to supply the wants mentioned in the system of education. The success achieved at that institution in developing the qualities specially required in an aspirant to a commission is amply shown by the records of the Dehra Dun boys who have been at Sandhurst and by the reply of the Commandant of that institution when asked whether from his point of view any difference was apparent in the outturn of any particular type of institution in India—'Dehra Dun an easy first, the rest nowhere'".

" It is not possible for Dehra Dun to supply all India's ultimate requirements in cadets for the Army, nor would it be desirable, even if it were practicable, to rely for ever solely on an official institution like Dehra Dun for the earlier training of these cadets. On the other hand, India cannot afford to establish an elaborate system of preparatory and public schools on the English or any other fresh lines, and, even if such schools were established, there is not to be found in India a sufficient number of parents who would be ready or able to incur the high expenditure which the education of their sons at them would entail. We are convinced as a result that the ordinary Indian schools must continue, if they can, to supply, as at present, their quota of the Indian entrants to the officer ranks of the army. For this purpose it is most necessary that an attempt should be made to secure improvements in at least some of them in order to eliminate the shortcomings to which reference has been made. It is true that even with their present organization and system of training they have turned out boys who have succeeded in obtaining commissions through Sandhurst, but those who did so started on their course of training with an unfair handicap as compared with their British comrades, and that handicap must be removed as far as possible in order to obtain really first class material for India's defence. We believe that, if the importance of the matter is brought to the notice of the educational authorities and their co-operation is enlisted, much can be done even in the existing schools in the direction of eliminating the weak points stated above, and we feel that it will enable a steady flow of really first class material to be obtained. It is, however, unlikely that it will be possible all at once to effect in them all that is required, and the solution of the problem which remains is to incorporate the remainder of the training in the missing essentials which the schools cannot sufficiently provide, in the training at the military college by lengthening the course at the latter "

In these views and recommendations we agree. The main responsibility must rest upon the educational authorities and experts to whom, however, it is imperative that Government should give a clear lead in emphasising the paramount national importance of reforming the educational system of India in the directions we have indicated. But the material success achieved by the Dehra Dun College has been so great that we consider it should be gradually expanded up to a total capacity of 250 to 300 cadets or whatever figure is regarded by educational experts as the most suitable limit for an institution of this character. And later, if circumstances demand it, another school on the same lines as the Dehra Dun College should be opened in some other part of India. We recommend that the first step should be the expansion of Dehra Dun rather than the establishment of other small schools of the same kind, because we find that the existing Dehra Dun College has rendered valuable service amongst other things in diminishing inter-Provincial differences and fostering unity of sentiment such as is indispensable in a national army.

The control of the Dehra Dun College should continue as at present to be in the hands of the military authorities. But while the main object of the College must always be borne in mind, *viz.*, to produce boys for the Army and Navy, those responsible for its administration should be careful to adjust the curriculum and standard of teaching with a view to securing that the course of education given at the College confers a qualification recognised by the University authorities and by the authorities responsible for recruitment to the other Public Services. It might be advantageous to set up an advisory committee, which should include educational authorities of high reputation, to guide the military authorities in regard to the courses of study and the conduct of examinations.

25. *Age limit.*—For the reasons indicated in paragraph 12 preceding, we do not recommend any change in the existing practice and consider that the aim should be for Indian boys to enter the Army on an equality as regards age with British boys.

26. *Publicity.*—The existing methods of publicity may with advantage be continued, but they should be developed and greatly improved; and, just as we consider that the educational authorities should play a greater part than they do at present in the process of selecting candidates for an Army career, so we consider that they should be utilised to a much greater extent for the purpose of diffusing knowledge of an Army career and the means of entering upon it. We recommend that in the first instance the aid of the Registrars of Universities should be enlisted. They should be asked to start information bureaux in consultation with the military authorities and with the help of material supplied by the Army Department of the Government of India. It would be necessary for the Registrars to arrange with the authorities of all schools and colleges, affiliated to their Universities, for the periodical posting of notices in each

institution, drawing attention briefly to the prospects of a career in the Army and to any new development connected therewith, and making known the existence of the main information bureaux as the agency to which to apply for detailed information on the subject.

The official information bureaux which already exist in the various Provinces are also in a position to render valuable assistance, by acting as the source from which information would be available to those who are not in a position to draw upon the University bureaux. It would be desirable, therefore, to secure their co-operation, and they, like the University bureaux, should receive a regular supply of the literature prepared from time to time by the Army Department.

27. *Method of initial selection.*—We have already recorded our conclusion that the present methods of selection are gravely defective and in certain respects open to serious objection. After careful consideration we recommend primarily as a general principle that the basis of selection should be wide and that the method of applying for permission to sit for the entrance examination should be as simple as possible. For this purpose it is desirable, subject to certain conditions, to allow applicants to deal direct with a single central authority at the headquarters of the Government of India. This authority alone should have power to refuse permission to attend the examination.

We recommend that in detail the procedure should be generally as follows. Any boy between the upper and lower age limits prescribed, who has passed the Matriculation or equivalent standard, should be eligible to apply to sit for the entrance examination. As a preliminary he should be required to fill up a form containing such information about himself as the central authority may prescribe. On this form should be recorded a certificate from the principal or headmaster of his college or school (in the case of a candidate educated privately, from his tutor) to the effect that he is educationally, socially, morally, and physically suitable to hold the King's Commission. Having obtained this certificate, the applicant should then forward the application form, together with his Matriculation or corresponding certificate, a medical certificate, and a certificate of birth, to the central authority, indicating at the same time as references two gentlemen of position and standing (other than his principal or headmaster) who have known him for at least three years. The central authority on receipt of this application would, as a rule, consult the two gentlemen cited as references by the candidate, and make such other enquiries as it might think fit. Should the result of these enquiries prove unsatisfactory, the central authority would have power to reject the candidate's application. If, on the other hand, the candidate was found to be *prima facie* suitable, he would be instructed to appear before a military medical board at some suitable centre in the vicinity of his own home, and, provided that the candidate was able to pass the medical test carried out by this board, he would be eligible to appear at the central Army entrance examination.

This examination should consist of two parts, (a) a written test on the model of the existing entrance examination to Sandhurst, (if our proposals for the establishment of an Indian Sandhurst are accepted this examination would require to be so modified as to suit boys who would be on an average one year younger than those who compete at the present entrance examination), and (b) an interview test before a board consisting of two senior military officers of the Indian Army who have held the command of Indian regiments, one educationalist, and one non-official Indian gentleman nominated by H. E. the Viceroy. The final nomination would be made by H. E. the Viceroy on the combined results of these two tests. The vacancies announced for competition should be allotted to the candidates standing highest in the order of merit. A certain number of vacancies at the College, not exceeding 20 per cent., should, however, be reserved for candidates to be nominated by H. E. the Commander-in-Chief from among those who have qualified in the two tests, but have not passed sufficiently high to secure one of the vacancies open to competition. We contemplate that the Commander-in-Chief should exercise the power of nomination sparingly and in conformity with the principles followed by the Army Council in their exercise of a corresponding power of nomination for Sandhurst and Woolwich.

In order to prevent unnecessary expense and disappointment to candidates and their parents, and in order also to prevent the examination from being swamped by obviously unsuitable competitors, every candidate should be required, as a preliminary, to appear before a local advisory board in the vicinity of his own home for the purpose of discovering in advance whether he is likely to succeed in the interview test at the entrance examination. Such an advisory board should be constituted in each area in which a military medical board is formed to examine candidates for that examination, and should sit at the same time and in the same place as the medical board, so that candidates when they are ordered to appear for medical examination can at the same time obtain the opinion of the advisory board. These advisory boards should consist of officials and non-officials and should include a proportion of military officers. They should have no power to reject a candidate, but would merely inform him, and the central authority also, in writing, whether they consider him suitable or unsuitable. The candidate should not be bound to abide by the opinion given: if he wishes to take his chance it would still be open to him to pursue his application before the central authority.*

*NOTE.—Dr. Ziauddin Ahmad considers it undesirable that the Local Governments should be replaced by these advisory boards, and would prefer that applications should, as at present, be dealt with in the first instance by Local Governments, who should continue to have the power to reject obviously unsuitable candidates. At the same time he contemplates that principals of colleges and headmasters of schools should be empowered to forward direct to the Local Governments the applications of suitable students, and that Local Governments should be assisted in the process of selection by non-official advisers and suitably qualified military officers.

Candidates should be required to pay all expenses incurred by them in proceeding either to attend the medical board or to sit at the entrance examination.

It may be found desirable in course of time to entrust the whole of the routine connected with the receipt of applications and the conduct of the examination to the Public Services Commission when that body has been fully organised.

In saying that the basis of selection should be wide, we mean *inter alia* that the preference for soldiers' sons, as a class, which is a feature of the present system of selection, should in future become the exception rather than the rule. This is a view which has been urged upon us by many witnesses. The opinion which His Excellency Sir Malcolm Hailey has expressed in regard to this matter is of such interest and importance that we quote it in full :—

“ It may be asked whether it is advisable to continue to show any such preference to the military and land-owning classes, as would seem to imply a desire to exclude men whose families are mainly engaged in commerce or industry or literary pursuits. In one respect, the Punjab differs from other Provinces in the fact that we have here the military material ready at hand, and military traditions already formed ; there is therefore naturally a tendency to draw on a source already known to exist, rather than to seek fresh material for recruitment. With the very rapid spread of education again, the difference between the land-owning and professional classes in point of intelligence is steadily narrowing. Again, it must be recognised that we here have some very considerable knowledge of the mentality of those who comprise the great bulk of the subordinate ranks in the Army. Even if we ourselves had no preference at all for the selection of officers from the land-owning and military classes, most of us are convinced that the Sepoy and Sowar would prefer to serve under men who fall in this category. If the further question were asked whether it is advisable to make this preference a fixed item in our policy, I would myself answer in the negative. I have seen very many men among the professional classes who would, in my opinion, make good officers, and I do not doubt that after a time, the private soldier will himself prefer to be led by a good man, in whose guidance he can trust, whatever may have been his family origin. I think, in short, that the process of education among men who join the subordinate ranks, will have its inevitable result in reducing the preference they may now feel for men of the particular classes. For my part therefore, so far as I am concerned in the selection of candidates

for Sandhurst, I should always be prepared to admit a proportion of men from the professional classes, provided that candidates came forward with the necessary physical qualifications, and with the appearance of having the temperament necessary to make good officers.'⁹

We therefore recommend that suitable boys from the professional and other classes should have exactly the same chances as any others. We too have heard the view expressed—it may be regarded to some extent as the natural view of vested interests—that Indian officers should be drawn from the so-called martial classes alone: but on the other hand, there are some Indian officers in the army already who belong to the professional classes, and these have so far proved to be not only efficient, but also, we are told, acceptable to the men.

28. *Grant of King's Commissions to Viceroy's Commissioned officers.*—We recommend that Viceroy's Commissioned officers should be given opportunities of qualifying for the King's Commission analogous to those afforded to non-commissioned officers in the British service. We consider that this will be feasible if a military college is established in India as we propose: and on this basis we recommend that Viceroy's Commissioned officers, in limited numbers, should be admitted to the Indian military college for the purpose of qualifying for the King's Commission. Candidates should be selected by a board similar to that which interviews candidates for Sandhurst: and no candidate should be eligible to appear before the board unless:—

- (a) he is recommended by the Commanding Officer of his unit as suitable in all respects to hold the King's Commission;
- (b) he holds a Special Certificate of Education; and
- (c) he is below the age of 25 years, and has rendered at least 5 years' service in the Army.

A Viceroy's Commissioned officer admitted to the military college should only be required to undergo the last two years, or the military portion, of the course.

We recognise that at the present time the number of officers holding the Viceroy's Commission who would satisfy the above conditions is small, the reason being that direct Viceroy's Commissions are now seldom, if ever, granted, and that the standard of education prevailing amongst the classes which enlist in the ranks of the Indian Army is as a general rule very low. We, therefore, consider it desirable that special educational facilities should be afforded to the children of these classes so that the best of them may have a practical

chance in future of rising through the Viceroy's Commission to King's Commissioned rank. We understand that a scheme is now under consideration, and has indeed already been initiated on a small scale in the Punjab, for this purpose. We refer to the King George's Royal Indian Military Schools established at Jhelum and Jullundur and the promised Kitchener College. A scheme of this kind would be specially appropriate to the requirements of the Viceroy's Commissioned officer class, and would in our opinion deserve support.

29. *Grant of University Commissions.*—We have considered the possibility of increasing the supply of candidates by means of the grant of direct commissions to suitable graduates of Indian Universities, but we do not recommend this. Indian Universities are at present in a state of transition, and it would be premature and infructuous to introduce such a system. The question may be revived with advantage at some future time, but the decision will always depend, *inter alia*, on the extent to which Indian Universities are prepared to adapt their system to military requirements, and, for example, to introduce short courses on military subjects, as has been done by some Universities in the United Kingdom.

On the other hand, we recommend that direct commissions be granted to suitable Indian graduates of British Universities, and that, to make this effectual, Indians may again be made eligible for admission to the Senior Division of the Officers' Training Corps. They were so eligible during the Great War, and we are strongly of opinion that the barrier which has since been set up should be removed. We understand that this is already the view of the Government of India.

Our Sub-Committee has supplied us with the following report on this subject :—

“ The India Office informed us that they had given their full support to the proposal to admit Indians to the Officers' Training Corps. The War Office gave us as the basic reason for their present attitude of opposition to it the fact that the Officers' Training Corps is primarily intended to train potential officers for the Territorial Army, a force to which Indians are not admitted and to which undoubtedly, having regard to the conditions of service in it, it is not likely that Indians would be able or willing to belong, even if it were open to them to do so. That being the case, it is intelligible that the War Office should be unwilling to spend money from their budget on training material which when trained would not be of any use to them, unless it could be proved to them that this material, although of no use for the purposes of the Territorial Army in England, would be employed to advantage elsewhere in the military forces of the Crown. The India Office, while

favouring the admission of Indians to the Officers' Training Corps, have not, we gathered from the War Office representative, as yet put forward a strong enough case to convince the Army Council on this point. There are certain aspects of the case to which our attention has been drawn which we find have not been laid before the Army Council. For instance, it would be a great advantage to India, if Indians resident at British Universities were allowed to enjoy the benefit of the Officers' Training Corps training because the military instruction they would get in this manner would be of inestimable value to them if they joined the Territorial Force in India on their return there. Again, we understand that, there being no bar in the present regulations which keeps Indian undergraduates from competing for the direct commissions in the Indian Army which are open to British students, yet such boys would be deterred from coming forward as candidates for these commissions because they would not be able to obtain any antedate such as is given to British candidates by reason of their not having been allowed to serve in the Officers' Training Corps. These are two points which have never been represented to the Army Council, but which ought to form a basis for re-opening the case for the admission of Indians to the Officers' Training Corps. At the same time, it was represented to us by the Cambridge University authorities that a part of the opposition is based also on the fear that the British undergraduates might object to the admission of Indians to these organizations, and that as a result recruiting for them might be affected adversely if they were admitted. It was further impressed upon us by them that they recognised that the success or failure of such voluntary organizations as the Officers' Training Corps are, even though they are controlled administratively and financially by the War Office, depends largely on the co-operation of the undergraduates. These latter are under no sort of compulsion to join the Officers' Training Corps and their likes and dislikes cannot be lightly disregarded. The authorities, when asked definitely and categorically, admit that they have little or no tangible grounds on which to base their apprehension that recruiting may be affected by the admission of Indians, but they are clearly averse from making any experiment in the direction of allowing them this privilege in case it may interfere with the prime object of the organization."

With these observations we agree : and we recommend that, if necessary, the cost of training Indian undergraduates in the Officers' Training Corps should be borne by the Government of India

30. *Grant of commissions to Territorial Force officers.*—We are aware that in the United Kingdom commissions in the regular army are granted to suitable officers of the Territorial Army. We are, however, of opinion that the Territorial Force movement in India is not yet sufficiently developed to warrant the adoption of a corresponding practice for the present.

31. *Cost of education and training.*—Our Sub-Committee have pointed out to us that in the other countries which they visited the greater part of the expenses of the preliminary training of a cadet at a military college is borne by the State, and that the parent of a boy at Sandhurst, unless by reason of his previous service in the armed forces of the Crown he receives a remission of fees, has to pay a greater share of the cost of his son's training than is required of a parent elsewhere. In the United States the Government grants the cadet while he is under training at West Point a rate of pay (1,072 dollars a year) sufficient to cover the cost of his training and subsistence, and to leave a margin from which to purchase his initial outfit when he obtains his commission. In France the fees, in the case of boys at St. Cyr, are varied to suit the means of the individual parent, as well as being regulated by the services which the parent may have rendered to the nation. About 50 per cent. of parents pay no fees at all. In Canada the cost of the training given at Kingston is fixed at a level fully 50 per cent. lower than the cost of an education of corresponding standard at a Canadian University. While we are opposed to any undue cheapening of education, we feel that the French or Canadian model is better suited than the English model to the circumstances of a relatively poor country like India. We therefore recommend that the fees at the Indian military college when it is established should not exceed an amount which can be paid without hardship by parents of the classes which will provide most of the cadets, namely, the upper and middle classes. The rate finally fixed should include all expenses arising in connection with the college course except pocket money, holiday expenses and travelling expenses.

We recommend in addition that Government should provide scholarships for 20 per cent. of the boys who pass into the college annually. Half of these scholarships should be granted to those who stand highest in the order of merit at the competitive entrance examination, and half to sons of soldiers who without them would be debarred for financial reasons from entering the college. Some of these scholarships, on the analogy of the King's Cadetships which are granted to British boys whose parents have been killed or have died on active service, should be fixed at an amount which will cover part of the expenditure incurred on the boy's earlier education at Dehra Dun, if he has been educated there. Apart from this we do not recommend any modification of the existing arrangements regulating the incidence of the cost of education at the Dehra Dun College

though we should welcome the establishment, through private generosity, of scholarships intended to meet part of the parent's liability.

In addition to the grant of Government scholarships at the Indian Sandhurst we should be glad to see the endowment of scholarships from private sources at that institution also for the benefit of boys of particular provinces, classes, communities, or of particular Indian States.

The foregoing recommendations do not apply to the case of those Indians who after the establishment of an Indian military college elect to receive their military training at Sandhurst. They will presumably be the sons of well-to-do parents, and we do not think they should be given any greater pecuniary assistance than that which is given at present to Indian boys proceeding to Sandhurst.

32. *The "eight units scheme"*.—For the reasons fully given in paragraph 17 preceding, we recommend that the "eight units scheme" be abandoned and that Indian King's Commissioned officers, like British officers, be eligible to be posted to any Indian unit of the Indian Army.

There should be the less objection to this for the reason that the time is fast approaching when one of the essential features of the scheme will for purely mechanical reasons have to be omitted. When all the appointments of company officer in the eight units have been filled by Indians—and this at the present rate of progress will be the case in the course of the next two years,—no further Indian officers can be posted to those units except to replace an unexpected casualty, until the senior company officers qualify, by length of service and merit, for selection as company commanders. This will mean an interval of some years during which even the present intake of Indian officers from Sandhurst would have to be posted to other units.

33. *Pay and allowances, including marriage allowances*.—We do not recommend any change in the existing practice. For the present Indian King's Commissioned officers should continue to receive the "overseas" or, as it is termed in the Indian Army, the "Indian Army" allowance. In consideration of this, and for other reasons also, they should continue to be subject to the same rule as British officers in the matter of marriage allowances, *i.e.*, they should not be eligible to receive marriage allowances, although they are married, until they reach the age of 30. Incidentally, we desire to express the opinion that married students should not be allowed at the Dehra Dun College, or married cadets at Sandhurst and the Indian Sandhurst. This rule might perhaps be relaxed in the case of Viceroy's Commissioned officers and Indian State officer cadets admitted to the Indian Sandhurst.

34. *Guardianship of Sandhurst cadets*.—The question of guardianship is a difficult one to solve, and it will be admitted, as a general principle, that no system of guardianship, however good it may be,

can equal the natural guardianship of a parent. This is one of the reasons why we have decided to recommend the establishment of a military college in India. But, as we also recommend that Indians who prefer it should continue to receive their military training at Sandhurst, we have to consider what steps are necessary in order to improve the existing arrangements for official guardianship at Sandhurst which, as we have said elsewhere, we find to be highly unsatisfactory.

We are of opinion that those who are in a position to do so should select their own guardian, as the boy will then receive more individual attention than he could hope to receive from an official guardian. The guardian should be a personal friend of the parent. He should be a person of mature age permanently resident in England, and preferably an ex-member of one of the Indian Services, and the India Office should be furnished with the name and address of a guardian so appointed.

For those boys whose parents are not in a position to secure the services of a personal guardian, there should be an official guardian who should be very carefully selected by the India Office with the concurrence of the Government of India. The essence of the matter is that the Indian boy at Sandhurst should have someone always at hand whom he can regard as a friend and as a protector, to whom he can turn for sympathetic advice and guidance, and in whom both the parent in India and the son at Sandhurst can feel that they have implicit trust. It is probably desirable that the official guardian should be a retired officer of the Indian Army, whose experience should make it specially easy for him to assist the boy in adjusting himself to the military atmosphere and conditions of life in the Royal Military College. It will, however, be of the utmost importance that the duties of the official guardian should be comprehensively and precisely defined. In Appendix IV of this report, we have added a draft of the instructions which we think might suitably be issued to the official guardians appointed from time to time : and since the duties and responsibilities therein prescribed will be onerous, we consider that the official guardian should receive reasonable remuneration in addition to whatever pension he may have earned.

CHAPTER III.

THE SECOND, THIRD AND FOURTH TERMS OF REFERENCE.

- “(b) *Whether it is desirable and practicable to establish a Military College in India to train Indians for the commissioned ranks of the Indian Army.*
- (c) *If the answer to (b) is in the affirmative, how soon should the scheme be initiated and what steps should be taken to carry it out.*
- (d) *Whether, if a Military College is established in India, it should supersede or be supplemented by Sandhurst and Woolwich so far as the training of Indians for the commissioned ranks of the Indian Army is concerned.’*

35. *The second term of reference. Establishment of an Indian Sandhurst recommended.*—In the latter part of paragraph 15 of our report we have mentioned briefly the special advantages which Indian boys enjoy by receiving their military training at Sandhurst. Our Sub-Committee, having seen Sandhurst, have made the following observations on this subject :—

“Sandhurst.....is a great institution with the traditions of years behind it and a staff which includes the cream of the instructors available in the whole British Army. It has in its immediate vicinity the Staff College and the large military training centre of Aldershot, and is at only a short distance from the War Office in London, so that it is in a specially favourable position from the point of view of keeping in touch with all the latest military ideas. At it also the Indian cadets are trained side by side with the future British officers with whom they will for some time to come have to serve in the Indian Army. All of these advantages could not, at first at any rate, be secured to the same extent at an institution in India.”

To this should be added the very pertinent observation of the Commandant of the Royal Military College, Sandhurst, to the effect that Indian boys at Sandhurst are stimulated in their military training by being “up against a better team”, *i.e.*, the British boys at the same institution, who for the reasons which we have given are in present circumstances superior to the average Indian boy who enters Sandhurst. The facts are, however, well known, and it is unnecessary to enlarge further on this aspect of the matter.

In paragraph 15 and in other passages of our report we have also set out the objections to Sandhurst, viewed from the standpoint of the average Indian parent, and, although we have said that the weight of these objections is diminishing, we find that something substantial remains : and we cannot feel assured that the difficulties

which at present stand in the way of Indian boys being sent to Sandhurst could ever be wholly removed. The great expense—particularly that incurred on account of the boy's holidays—and the separation of parent and son—with all that separation in this case implies—are, we fear, deterrents of a permanent character.

Accordingly we find at once one strong reason for the establishment of a military college in India which will provide the facilities at present given by Sandhurst alone. It seems clear that, like the progressive scheme of Indianisation which we have suggested, this step also is necessary as a means to improve, both in number and quality, the supply of Indian candidates for the King's Commission.

Further it is, in our opinion, very desirable, and would be consonant with the general policy of the administration as that is now conceived, that India should have a military college of her own and thus be self-sufficient in respect of one of the most important of national needs. It is, indeed, universally recognised that the establishment of an Indian Sandhurst is ultimately inevitable, and we think military opinion will agree that it would be an immediate necessity if war on a considerable scale were to break out. If that is so, then it is obvious that it would be better to have a military college already in being and fully organised than to be dependent upon improvisation after the emergency has arisen. The latter was what had to be done during the Great War, when the cadet colleges at Quetta, Wellington and Indore were hurriedly set up. On these grounds alone we think it would, in the judgment of many, be sound policy to lay the foundations of an Indian military college as soon as possible and so commence without delay not merely the building of the college structure, but the building also of the tradition and sentiment which in India, as in England, would be indispensable to the achievement of success. The process is one which takes time, and the start should not be postponed.

There is one other consideration of a specially practical and compelling character. In every educational institution there comes a time when the authorities responsible for its efficiency must decide to set a limit to the further acceptance of foreign students for fear lest the character of the institution may be changed. This point of view was very clearly expressed in 1921 by Sir Theodore Morison, K.C.S.I., Principal of the Armstrong College, Newcastle-on-Tyne, in a statement prepared for the Indian Students Committee, a Committee presided over by Lord Lytton, then Under Secretary of State for India :—“ I beg the Committee to realise that no University can absorb more than a limited, and rather small, number of foreign students. A University is a corporate body with traditions and a certain characteristic tone ; it has a personality which is distinctive, of which it is proud and which it desires to retain. This personality

would be destroyed or distorted by the influx of a large number of strangers, and no University would tolerate this transformation."

This proposition is at the least as true of an institution like Sandhurst as it is of a University ; and it is plain that we have here a factor which has a very important bearing upon the problem we are considering. Our Sub-Committee, while in England, raised the question directly with the authorities, and tried to obtain a pronouncement as to the ultimate limit up to which they would be prepared to admit Indians to the military colleges in England. A definite reply was not given. It appears that the authorities would be willing for the present to accept Indian cadets up to a maximum of 5 per cent. of the establishment of each college, that is, 30 cadets at Sandhurst and 12 at Woolwich, but would not be prepared to commit themselves to the possibility of any further increase until the effect of these numbers on the personality of the institutions had been tested by actual experience. They do not definitely exclude the possibility of a further increase, but the Commandants of the two institutions concerned, by whose advice, we imagine, the Army Council would be largely guided, gave it as their decided opinion that 5 per cent. of the establishment was the absolute limit up to which Indians could safely be admitted. This figure coincides with that mentioned as a maximum by Sir Theodore Morison in his evidence before the Indian Students Committee, and it seems to us to be highly improbable that the Army Council would in the end agree to admit Indian cadets to Sandhurst and Woolwich in larger numbers than this, except as a temporary measure or under special circumstances. If this is so, then it is clearly advisable that India should cease to rely solely upon an institution, training at which is even now not wholly suited to the circumstances of Indian boys, and which can only be reckoned upon for so narrowly limited an outturn of Indian King's Commissioned officers.

It is hardly necessary to add that there is a strong political demand for the establishment of a military college in India. In a matter of this kind we should not ourselves attach great importance to considerations of a purely political character ; but in the case of the Indian Sandhurst the political demand represents, we believe, a real force of growing national sentiment which cannot be ignored.

Having given our most careful consideration to all the factors involved, we have come to the conclusion that the establishment of a military college in India for the purpose stated in our second term of reference is desirable.

36. *The practicability of the step.*—Our Sub-Committee during their visit to England discussed with several officers of experience, including the Commandant at Sandhurst, the practicability of reproducing in India the training now given at the Royal Military College. The answer they received in each case was that, given the necessary material, there should be no insuperable difficulty in providing this

form of training at an Indian military college. It will be difficult, however, for the Indian institution to be quite as efficient as Sandhurst itself because the latter will naturally have preference in the choice of instructors and will also continue to have, by reason of its location, certain physical advantages which cannot be transferred to India. But we have before us the examples of the Kingston and Duntroon Military Colleges in Canada and Australia respectively, where similar disadvantages have been neutralised, and a high standard of efficiency has been achieved ; and we wish to make it clear that our recommendation is subject absolutely to the condition that no pains are spared to place the machinery of the Indian military college on the highest plane of efficiency which India can attain. In all military essentials the model of Sandhurst should be closely followed. The instructors should be mainly British officers, and should be picked men. If necessary, specially attractive terms of remuneration should be offered in order to secure teachers of the highest capacity and reputation. It is natural that we should emphasise these *desiderata*, since obviously the first essential is that the officers produced at the Indian Sandhurst should be efficient. But a more specific consideration is that the commissions granted to boys trained at the Indian Sandhurst must be King's Commissions, conferring, so far as the Army in India is concerned, *i.e.*, both British and Indian troops, the same status, authority and precedence as the King's Commissions granted to cadets trained at Sandhurst. As our remarks at the commencement of paragraph 6 preceding show, this is a paramount and self-evident necessity. The experiment of the Imperial Cadet Corps was a failure because the officers commissioned therefrom did not possess sufficient powers of command to rise above the position of company officer in the Indian Army, and from the purely practical point of view there can be no compromise in regard to this matter. Indian officers, if they are to pull their weight in the Army in India, must be empowered, like their British comrades, to take command of other British officers junior to themselves and to take command of mixed bodies of troops. But the immediate implication is that the methods of training pursued and the qualifications obtained at the Indian military college must conform to standards acceptable to the Army Council. We should not in any case desire to postulate a lower standard of efficiency for Indian officers trained in India ; but we recognise clearly that, apart from any consideration which might influence ourselves, the Army Council must have the right to decide what standard of training and qualification is to be regarded as adequate in the case of any officer who is to hold the King's Commission and have authority over British troops. We note that quite recently the Army Council have recognised a Dominion Commission in the Canadian Permanent Forces as equivalent to the regular King's Commission.

37. *The third term of reference. The military training systems of other countries.*—Our next question relates to the form of organisa-

tion which should be prescribed for the Indian Sandhurst ; but we will first review the information supplied to us by our Sub-Committee regarding the systems of training followed in the countries which they visited. In England and France the courses at the military colleges are of 1½ and 2 years' duration respectively. Apart from the training given at the Ecole Polytechnique, which is not a military college in the accepted sense of the term, the courses are of a purely military nature, and all cadets who succeed in them receive commissions in the Army. At the Royal Military College, Kingston, in Canada, the cadets undergo a four years' course which includes not only a training in military subjects, but also a large element of academic study, and particularly a training in civil engineering, which is recognised by Canadian Universities as equivalent to a considerable part of their own course. Unlike the cadets at military colleges in other countries, the cadets at Kingston can, when they graduate, either take commissions in the Army or enter another of the public services or adopt a civil profession, whichever they prefer. In practice the majority of graduates from the College choose employment in civil life. The United States Military Academy at West Point also has a four years' course, but all its graduates have to take commissions in the Army. Here, too, the course includes both military and academic subjects.

These various systems of training appear to have been determined partly by the requirements of the particular form of military organisation prevailing in each of the countries mentioned and in part also by differences in the range and efficiency of the earlier education which boys are able to obtain before entering the military college. England and France maintain comparatively large standing armies, and therefore considerable numbers of young officers have to be produced every year. If it were necessary for these numbers to undergo a lengthy course of training, both military and academic, on the American model before they received their commissions, this would add intolerably to the burden which the cost of their defence already lays upon these two countries. Both in England and France, however, the systems of civil education are developed to a high degree, and these produce, without material cost to the State, boys who can be brought to the standard required to fit them for commissions by a comparatively short intensive course of a purely military nature. Moreover, the fact that, after being commissioned, the officers of these nations spend the majority of their service in regular units of a standing army makes it possible to rely on the experience which they thus receive to put the finishing touches to their initial military education. In the United States the regular forces maintained are small, and consist largely of cadre formations which would be expanded considerably on the outbreak of war. It is recognised, however, that, while the training of the rank and file can be carried out in a comparatively short time on mobilisation, provided sufficient trained officers are available for the purpose, the training of efficient officers is a lengthy process. The United States Army therefore includes a

large cadre of officers, out of proportion in time of peace to the strength of the regular rank and file, so that it may have available on mobilisation the instructors and staff officers required for its expanded strength. In time of peace, too, American officers are largely employed on instructional and other duties with non-regular formations, and the fact that for these purposes they require a broader military knowledge at the start of their career, and have comparatively less chance of perfecting their training in regular units after they receive their commissions, renders necessary a longer course of initial training at the military academy than is found to be necessary in England and France. This is not, however, the sole reason for the introduction at West Point of a course of four years' duration and for the inclusion in it of such a large element of academic teaching in addition to purely military studies. On the one side the United States Army authorities demand a high standard of general education from their officers, but on the other they are faced with the difficulty that the standards of education in different parts of the country vary very considerably. Since therefore the regulations for entry to West Point expressly provide for the recruitment of cadets from all parts of the country, it is necessary to suit the curriculum of that institution to the standard of those who come from districts where the educational system is less highly developed; and it is found that the task of raising the educational standard of the average boy up to the prescribed level, while at the same time providing him with his military education, involves a course of the present length. In addition the Army authorities do not regard as sufficient for their needs the training of character included in the earlier education of the average American boy, and they insist on special attention being paid to this department of the course of training at West Point. The development of character cannot, however, be assured in a course of only one or two years' duration.

The reasons underlying the introduction at Kingston of a four years' course of training do not differ materially from those which have led to the adoption of a course of that length at West Point. The military organisation of Canada is similar, though on a much more limited scale, to that of the United States, and the efficiency of her educational system also varies in different parts of the country. In Canada, however, the number of officers required each year for the permanent forces is so small that under present day conditions it would be next to impossible to organise a really efficient military college for such a number alone, and it is therefore necessary to increase the college to the proper size by including in it cadets who do not intend to make the Army their career. The importance of enabling such cadets to compete on graduation on level terms with their contemporaries from the Universities is one of the additional factors which necessitate the inclusion in the course of a large measure of academic study and the consequent lengthening of the period of study. The value of this type of education, combined as it is with

military discipline and character training over an extended period, is proved by the fact that employers in civil life almost invariably show preference to Kingston graduates over men trained elsewhere, because they find that their broader outlook and higher sense of discipline make them more adaptable and reliable in positions of responsibility.

38. *Combined general and military education.*—While India is on the same footing as England and France in that she requires a regular supply of officers for service in a large standing army, she has something in common also with Canada and the United States in that the civil educational system is at present defective and cannot be so improved in the near future as to ensure that the generality of cadets, when they first arrive at the military college, can be turned into really efficient officers after only a short period of military training. We feel therefore that the course at the Indian military college should be longer than the course at Sandhurst and should in addition to the military subjects include a period of academic study as well, by means of which the cadets will be enabled to improve their general education and their knowledge of colloquial English. It is also important that the academic standard attainable at the end of the course should be so framed as to secure specific recognition from the Universities and to enable cadets who for one reason or another are found unfit for commissions in the Army, but are suitable for other careers, to continue their education at a University, without interruption and on a level with their contemporaries in age.

39. *A three years' course.*—Our recommendation therefore is that the course should last for three years, of which the first year should be devoted mainly to academic study and the last two mainly to military training. A longer course of this nature will have the further advantage that it will give those cadets who are drawn from the ordinary Indian schools a better opportunity of developing in character and physique than would be afforded if they were to remain at those schools for a further year and a half, and then undergo a short course of a purely military nature. Our intention is that boys should be eligible to enter the military college after passing the Matriculation standard. This will enable them to obtain their commissions at approximately the same age as British cadets passing out of Sandhurst; and the task of completing the formation of their characters will be rendered less difficult by the fact that on entering the college they will still be comparatively young.

40. *Training for other public services.*—In the present stage of India's development we can see many reasons in favour of adopting a system somewhat similar to that in force in Canada under which graduates from an Indian military college would be eligible to enter other departments of Government service besides the Army. We fear, however, that it would at the present time be infructuous to suggest the adoption of any scheme of this nature. The difficulties in

the way of carrying it out would be very great. An attempt has already been made to secure the promise of other public employment for Dehra Dun boys who fail to qualify for the army for some reason which does not affect their suitability for other forms of service, but this has not been successful. The Local Governments, and not the Government of India, have in their hands the great bulk of Government appointments, and we can see that it would not be easy for them to bind themselves to give preference to candidates from the Indian Sandhurst. Other schools and colleges also would have cause for complaint, and it is important that, as co-workers in the general progress of India, their goodwill should not be alienated.

41. *The link with the Dehra Dun College.*—Our scheme contemplates that boys drawn from the Prince of Wales' College at Dehra Dun and from the ordinary Indian schools should enter the Indian Sandhurst at approximately the same age and after qualifying at the same competitive examination which we have described in paragraph 27 preceding. To be eligible to sit for the competitive examination a boy educated at one of the ordinary schools will be required to have passed the Matriculation standard. He will be able to accomplish this between the ages of 16½ and 18½. This involves a slight alteration in the existing system at the Dehra Dun College. At present boys are admitted to the Dehra Dun College between the ages of 11½ and 12 years, and remain there until they are 18 or 19 years of age when they enter upon the eighteen months' course at Sandhurst. We think it important that the period spent at Dehra Dun should, as at present, be at least six years. To admit of this and to secure at the same time that boys educated at Dehra Dun will commence the three years' Indian Sandhurst course at the same age as boys educated elsewhere, we recommend that the age limits for entry to the Dehra Dun College should be reduced to 10—11½ years. Any Dehra Dun boy who wishes to enter Sandhurst instead of the Indian Sandhurst should be permitted to remain at the Dehra Dun College for an extra year in order to complete his preparation for the Sandhurst examination.

42. *Indians should continue to be trained at Sandhurst.*—As we have indicated in earlier passages of this report we are of opinion that, even after the Indian Sandhurst has been established, Indian boys who prefer to receive their military training at Sandhurst in England should be allowed to do so up to a maximum of 20 per annum. We have reason to believe that the authorities would be prepared to accept this, provided that such Indian boys as desired to go to Sandhurst qualified for admission by the same test as British boys. We agree that it would be proper and desirable to impose this latter condition. Any vacancies at Sandhurst not actually taken up by Indians should be added to the establishment of the Indian Sandhurst.

We attach very great importance to the recommendation here repeated ; for to continue to have a proportion of Indians under

training for the Army at British institutions would assist in maintaining the Imperial connection in military matters ; and we believe that this is necessary both in the interests of India and of the Empire as a whole. We have not overlooked the fact that, if King's Commissioned Indian officers are trained simultaneously in institutions in India and in England, there may be a tendency, prejudicial to the service as a whole, for those who have been trained at the older and more famous college to look down on those who have been trained at the newer institution. This is a possibility which may react disadvantageously upon the military college in India at its start, and make it more difficult for it to establish its reputation and build up its traditions. We do not, however, consider that it is a sufficiently important factor to outweigh the compensating advantages on the other side of the scale, particularly as the majority of the British cadets posted to the Indian Army will most probably obtain their commissions through the English Sandhurst, and we think it specially important that some at any rate of the Indian King's Commissioned officers should receive their first military training in association with British cadets who are themselves destined for the Indian Army.

43. *The Sandhurst entrance examination.*—Indian boys who have received their early education in England and who desire to proceed to Sandhurst should be enabled to sit for the Sandhurst entrance examination in England. For Indian boys who have been educated in India, either at Dehra Dun or elsewhere, we consider that a Sandhurst entrance examination should be held, as at present, in India, the standard of the examination being precisely the same as that of the examination held in England. We would, however, suggest that, for the examination held in India, Urdu should be allowed as an optional subject. We understand the Army Council have no objection to this.

Indian boys educated in England who desire to receive their military training at the Indian military college should of course be required to qualify for admission by the same tests as are applied to other candidates.

It would in our opinion be very desirable that British boys who wished to enter the Indian Army should, if they were willing, be permitted to receive their military training at the Indian military college. Here again the association of boys of the two races would be advantageous. We know there are difficulties in the way, but nevertheless we recommend that the door of the Indian military college should be kept open to British cadets, and that those who are able to overcome the difficulties we have in mind should be heartily welcomed.

44. *The strength of the Indian military college.*—It would be obviously impracticable and uneconomical to start an Indian military college so long as the maximum number of commissions for which Indians are eligible is ten annually, and we should not recommend

this, although we understand that the Kingston and West Point Colleges started with an establishment of only 18 cadets and the Duntroon College with an establishment of 35 cadets. The expert evidence we have received indicates that the desirable number of cadets for the starting of an Indian military college, if it is to have an efficient military organisation, is 100. We accept this as the initial number to be aimed at, and we propose that the college should be inaugurated with an intake of 33 cadets a year for the first 3 years, the establishment of 100 being reached in the year in which the first batch of entrants commence the last year of the three years' course of training. The subsequent expansion of the college should follow the lines indicated in paragraph 21 of our report and in Appendix II, where we have described the progressive scheme of Indianisation which we advocate.

45. *The Indian military college to be established in 1933.*—We have already given reasons for the view which we hold that the Indian military college should be started as soon as possible. We now definitely recommend that the date of inauguration should be 1933. If the prospects of Indians in the Army are enlarged on the lines we have proposed and if the interest of potential candidates and their parents and of the educational authorities is quickened to the extent we anticipate, the number of cadets required to start the college should be forthcoming by the date we have mentioned : and the interval will be sufficient for the necessary buildings to be constructed and for other administrative arrangements to be completed. Moreover the number of Indian candidates available would then have passed the limit which we have assumed that Sandhurst could absorb.

46. *The fourth term of reference. Supplementary training in England.*—Our scheme of training at the Indian military college as so far outlined is defective in one important respect, which we have ourselves acknowledged, namely, it does not provide, save to a very limited extent, for that association between British and Indian boys, who are both preparing for a career in the Indian Army, which is a valuable feature of the present system ; and it does not give the Indian cadet the opportunity to travel abroad and see the world. To remedy this, it has been suggested that the Indian cadet after qualifying at the Indian military college should undergo a supplementary course at Sandhurst. We are satisfied, however, that this would not be a feasible proposition, as the Indian students would already have been commissioned, and could not be introduced into an institution where the other students are only cadets. We recommend therefore that to complete their preparation the Indian cadets, having been commissioned, should be attached to a cavalry or infantry unit in the United Kingdom for a period of one year.

47. *Training in the technical arms.*—Our conception of the Indian military college is that in the first instance it should merely

take the place of Sandhurst. At a later stage of development it may become a combined institution providing also the facilities of Woolwich. But, for the present, as we have said in paragraph 22 of our report, we consider that the first contingents of Indian cadets who are allowed to qualify for the Artillery, Engineer, Signal, Tank and Air arms should receive their preliminary military training at Woolwich and Cranwell. We think it desirable that an opportunity should be given to Indians of acquiring the traditions of these British institutions, and the arrangement will generally be more efficient and economical than the provision at the outset of duplicate facilities in India.

Indian cadets, who qualify at Woolwich, and, later, those who qualify in India by the course corresponding to that of Woolwich, should complete their initial training in exactly the same way as the British cadet does at present, i.e., by attending courses at Chatham and Cambridge in the case of Engineer officers, and at Larkhill in the case of Artillery officers. The Cambridge and Chatham courses could no doubt be reproduced in India, and in the case of the former the existing engineering establishments, such as Roorkee, might, when the time comes, provide the nucleus of a counterpart. But, so far as we can see, it will be long before it would be economical to duplicate machinery of this kind : and for a very considerable time also it will be desirable, on the score of efficiency, that British and Indian officers should receive their " post graduate " technical training from the same source.

It will probably be desirable that both the questions discussed in this paragraph should be re-examined when the review of 1938, which we have recommended elsewhere (*vide* paragraph 21), takes place.

MISCELLANEOUS.

48. *The Indian States.*—It seems probable that a number of the Indian States would be glad to avail themselves of the benefits of the training available in the Indian military college, if one is established, for the purpose of giving higher training to some of the officers of their State Forces. We believe that the participation of the Indian States in the college would be an advantage to India as a whole, as tending to increase the efficiency of the Indian State Forces, and we recommend that a certain number of vacancies be reserved for Indian States at the college over and above the number of vacancies available for candidates who seek commissions in the regular Indian Army. It will, however, be essential that such cadets from Indian States would be prepared to undergo precisely the same course of education and training as Viceroy's Commissioned officers, that is, the two years' military course, and we contemplate further that the cost of their training should be borne by the Indian States in whose forces they are ultimately to be employed. We contemplate that subjects of Indian States should continue, as at present

to be eligible for King's Commissions in the regular Indian Army, and candidates of this category should consequently be eligible for admission to the Indian military college on the same terms as residents of British India.

49. *Questions of detail and finance.*—We have deliberately refrained from entering into questions of mechanical detail connected with the establishment of a military college in India. We have said that the college should follow closely the model of Sandhurst. That is a point of principle. Questions such as the location of the college, the type and quantity of buildings required, the equipment of the college and the strength and composition of the staff can suitably and without difficulty be settled by Government and their expert official advisers, if and when it is decided to accept our recommendations on the main issues of policy. We are not indeed qualified to deal with such questions of detail, and it would be a waste of effort on our part to make the attempt.

Similarly we have refrained from entering into matters of finance, and we are content to quote what H. E. Sir Malcolm Hailey has said on this aspect of the creation of a military college in India.

“ This contemplates a somewhat lengthy and extended course of education, but I am unable to see any reason for refusing the claim that the State should bear a very considerable part of the cost. We spend large sums on our professional and educational colleges, and since we have definitely decided that the military career must be opened to Indians it is clearly a justifiable expense to secure the best men possible. Taking the country as a whole the sum we should be spending on military education—though the number of officers might not in themselves be large—would be small in comparison with what we should be spending on types of vocational education which are in some cases of lesser importance.”

• • • • •

“ Within reason I do not think we should allow finance to stand in our way in this respect.”

With this opinion we agree, and we need only add that at present sums of £80,000 on account of Sandhurst and £30,000 on account of Woolwich are being paid annually from Indian revenues. A proportion of these amounts would presumably be available for expenditure on the Indian military college to the extent to which the product of such a college replaces the product of Sandhurst and Woolwich in the Army in India.

CHAPTER IV.

CONCLUDING REMARKS.

50. *Summary.*—A complete summary of our recommendations will be found in Appendix I to this report.

51. *Some members of the Committee—their special knowledge.*—Of the Members of our Committee, Nawab Sir Sahibzada Abdul Qaiyum has not only had intimate associations with the Indian Army throughout the whole of his life, but moreover has a nephew and ward, trained at Sandhurst, now holding the King's Commission in the Indian Army. Subedar-Major and Honorary Captain Hira Singh, himself a Viceroy's Commissioned officer of long service, has two sons in the Indian Army, holding the King's Commission, both of whom were trained at Sandhurst, while one received part of his early education at Dehra Dun College. Captain Hira Singh has a third son, now being educated at Dehra Dun, who is also destined for a military career. Risaldar-Major and Honorary Captain Haji Gul Mavaz Khan, another Viceroy's Commissioned officer of long service, also has a son in the Indian Army, holding the King's Commission, who received his military training at Sandhurst. Major Thakur Zorawar Singh and Major Bala Sahib Daffé were among the first Indians to be granted, in 1917, the full King's Commission, and they had previously held commissions in the Native Indian Land Forces, having received their training in the old Imperial Cadet Corps (*vide* paragraphs 6 and 36 preceding). We mention these facts to show that the gentlemen in question have been in a position to contribute to the consideration of some of our most important problems personal knowledge and practical experience which have been of great and special value to us.

52. *Acknowledgments.*—We desire to place on record our appreciation of the great kindness and courtesy shown by the Governments of France, Canada and the United States in allowing the members of our Sub-Committee the privilege of visiting some of their educational institutions, and to acknowledge also the assistance afforded by those departments of His Majesty's Government who in a similar manner made it possible for the Sub-Committee to obtain the information they required regarding the systems of education, military and civil, in vogue in England. We are equally indebted to the authorities of the institutions visited by the Sub-Committee, who by their ready help and generous hospitality enabled the members to carry out their appointed task with considerable enjoyment to themselves and great benefit to the work of the Committee. But perhaps our greatest obligation is to the members of the Sub-Committee, who, sacrificing their private interests over a period of several months, brought back to us information which has very materially assisted us in arriving at many of the conclusions contained in this report.

Finally, we desire to acknowledge the valuable assistance rendered to us by Major Lumby, who, as Secretary both to the main Committee and also to the Sub-Committee, whom he accompanied throughout their tour, has performed to our entire satisfaction duties of a very onerous character and has earned our most cordial thanks. He has served us faithfully and with conspicuous efficiency.

A. SKEEN,

Lieut.-General.

M. A. JINNAH.

JOGENDRA SINGH.

PHIROZE SETHNA.

M. RAMACHANDRA RAO.

ABDUL QAIYUM.

HIRA SINGH,

Captain.

ZIAUDDIN AHMAD.

J. N. BANERJEE,

Captain.

ZORAWAR SINGH, M.C.,

Major.

HAJI GUL MAWAZ KHAN,

Captain.

BALA SAHIB DAFLE,

Major.

E. BURDON.

NOTE.

The members of the Committee feel that they have been so exceptionally fortunate in their Chairman that they cannot refrain from expressing their cordial and respectful appreciation of his services to them. Sir Andrew Skeen's ripe experience, his breadth of mind and sympathetic outlook, and the patience, courtesy and skill with which he has directed their proceedings have made their task a pleasant one and have very greatly facilitated its accomplishment.

They feel bound also to refer to the services rendered to them by Mr. Burdon, who, apart from the Chairman, was the only official member of the Committee. He brought to their deliberations an unrivalled knowledge of the past history of the problems with which they were confronted; and the shrewd appreciation, which this knowledge gave him, of the difficulties connected with their solution was an invaluable aid to them both throughout the course of their enquiry and during the preparation of their report.

APPENDIX I.

Summary of recommendations.

MAIN RECOMMENDATIONS.

(i) The scope of the employment of Indians in the higher ranks of the Army in India should be greatly extended, and facilities should be provided in India to train them for King's Commissioned rank. A substantial and progressive scheme of Indianisation should be adopted, and, subject to the present standard of efficiency being maintained, should be faithfully carried out. (Paragraph 21).

Such a scheme should provide for the following measures :—

- (a) In 1928, the number of vacancies, at present ten, allotted to Indians at Sandhurst should be doubled, and thereafter should be increased progressively until a military college on the lines of Sandhurst is established in India. (Paragraph 21).
- (b) Indians should be made eligible to be employed as King's Commissioned officers in the Artillery, Engineer, Signal, Tank and Air arms of the Army in India. For this purpose they should be admitted to the Royal Military Academy, Woolwich, and the Royal Air Force College, Cranwell, provided they qualify by the same tests as British boys, until the occasion arises to create corresponding facilities for their training in India. From 1928 eight vacancies should be allotted to Indians at Woolwich and two at Cranwell, and these numbers should be increased progressively, in due proportion. (Paragraph 22).
- (c) In 1933, *i.e.*, as soon as the improvements recommended in matters of subsidiary importance, connected with the securing of suitable candidates for the Army, have had time to take effect, a military college, with an establishment at the start of 100 cadets doing a three years' course, should be created in India on the model of Sandhurst. The establishment of the college should be increased progressively. (Paragraph 21).
Successful cadets from the college should be granted the King's Commission in His Majesty's Land Forces. (Paragraph 36).
- (d) In order to secure the maintenance of the Imperial connection in military matters, 20 vacancies should continue to be reserved for Indians at Sandhurst after the opening of the Indian military college. (Paragraph 21).

Under the scheme proposed half the total cadre of officers in the Indian Army would be Indians in 1952. (Paragraph 21 and Appendix II).

(ii) Steps should be taken to maintain the proportion of British recruitment required. (Paragraph 21).

(iii) Indian King's Commissioned officers trained at the Indian military college should complete their initial training in England. (Paragraphs 46 and 47).

(iv) Within reason questions of finance should not be allowed to stand in the way of giving effect to these proposals. (Paragraph 49).

SUBSIDIARY RECOMMENDATIONS.

Improvements in the system of education.

(v) The Prince of Wales' Royal Indian Military College, Dehra Dun, should be gradually expanded up to the limit most suitable for an educational institution of this character. The control of the college should remain in the hands of the military authorities, and its main object should continue to be the production of boys for the Army and Navy. Its curriculum and standard of teaching should, however, be carefully adjusted with a view to securing also that the course of education at it confers a qualification recognised by the University authorities.

When the expansion of the existing college is complete, a second college on the same lines should, if circumstances demand it, be opened in some other part of India. (Paragraph 24).

(vi) The Government of India should impress upon educational authorities the paramount national importance of reforming the system of education in India with a view to developing in the pupils of the ordinary schools and colleges those characteristics, so essential in an Army officer, to which little or no attention is at present paid by them, and should appeal to them to reorganise the institutions under their control to this end. (Paragraph 24).

Age limit.

(vii) The upper age limit for entrance to the Army should for the present remain unchanged. The ultimate aim should be to reduce it so that Indian boys shall enter the Army on an equality as regards age with British boys. (Paragraph 25).

Publicity.

(viii) The existing methods of publicity should be continued, but should be supplemented by enlisting the aid of the University authorities and Provincial information bureaux. (Paragraph 26).

Methods of selection and examination.

(ix) Entrance to the Indian military college in the case of candidates from the Dehra Dun College and the ordinary schools and colleges should be by open competitive examination. (Paragraph 27).

(x) The basis of selection should be wide, and the method of applying to sit for the entrance examination as simple as possible. No preference should be given to any particular class or community. (Paragraph 27).

(xi) The Army entrance examination should be conducted by a single central authority at the headquarters of the Government of India, to which any boy, provided he possesses certain prescribed qualifications, should be eligible to apply direct for permission to attend it. (Paragraph 27).

This authority alone should have the power after due enquiry as to his qualifications and antecedents to refuse a candidate permission to sit at the examination. All candidates whose applications are approved by this authority and who satisfy a military medical board as to their physical fitness, should be allowed to attend the central entrance examination. (Paragraph 27).

(xii) Advisory boards should be constituted in convenient centres for the purpose of advising candidates as to their chances of success in the entrance examination. Such boards should have no power to reject a candidate, and a candidate should not be bound to abide by their verdict. (Paragraph 27).

(xiii) Candidates should be required to pay all expenses incurred by them in proceeding either to attend the medical board or to sit at the entrance examination. (Paragraph 27).

(xiv) To be eligible to sit for the competitive entrance examination a boy educated at one of the ordinary schools should be required to be between the ages of 16½ and 18½ and to have passed the Matriculation or equivalent standard. (Paragraph 41).

(xv) Boys from the Dehra Dun College should enter the military college at approximately the same age as boys from the ordinary schools. As it is desirable that boys should spend at least six years at the Dehra Dun College in order to get the maximum benefit from it, the age limits for admission to the college should be reduced from the present 11½ to 12 years to 10 to 11½ years. (Paragraph 41).

(xvi) Indian boys educated in England who wish to receive their military training at the Indian military college should be required to qualify by the same tests as are applied to boys educated in India. (Paragraph 43).

(xvii) British boys who wish to enter the Indian Army should, if they are willing, be permitted to receive their military training at the Indian military college on the same conditions as Indian boys. (Paragraph 43).

(xviii) The entrance examination should consist of a written examination and an interview test. The final nomination should be made by H. E. the Viceroy on the combined results of these two tests. The majority should be chosen from among those who stand highest

in the order of merit, but H. E. the Commander-in-Chief should have the power to recommend the nomination of a certain percentage of candidates from among those who qualify, but do not stand sufficiently high to obtain nomination in the ordinary course. (Paragraph 27).

(xix) Indian boys, whether educated in England or in India, who desire to enter Sandhurst should be required to qualify for admission by the same test as British boys. Arrangements should be made to allow them to compete for entrance either in England or in India. Urdu should be included as an optional subject in the entrance examination. (Paragraph 43).

Boys studying at the Dehra Dun College who wish to enter Sandhurst should be permitted to remain at the college for an extra year in order to complete their preparation for the entrance examination. (Paragraph 41).

Indian military college.

(xx) No pains should be spared to place the machinery of the Indian military college on the highest plane of efficiency which India can attain. The instructors should be mainly British officers and should be picked men. If necessary, specially attractive terms of remuneration should be offered in order to secure teachers of the highest capacity and reputation. (Paragraph 36).

(xxi) The course at the Indian military college should, in addition to military subjects, include a period of academic study as well. It should last for three years, of which the first should be mainly devoted to academic study and the last two mainly to military training. The academic standard attainable at the end of the course should be so framed as to secure specific recognition from the educational authorities. The scope of the military training should be the same as that of the present Sandhurst course, but it may be desirable later to convert the college into a combined institution providing also the facilities of Woolwich. (Paragraphs 38 and 47).

(xxii) The establishment of the college at the start should be 100 cadets. It should be inaugurated with an intake of 33 cadets a year for the first three years, so that it may reach its full initial establishment in the year in which the first batch of entrants commence the last year of their training. In the fourth year of its existence, and subsequently at intervals of three years, the annual intake should be increased by 12. (Paragraphs 21 and 44 ; Appendix II).

Cost of education and military training.

(xxiii) The expenses of maintaining the Indian military college should be reduced to the lowest level compatible with efficiency, and, in order to bring the college within the reach of Indian parents

of the classes which will provide the majority of cadets, the fees charged should be fixed at an amount which can be paid without hardship by parents of these classes. (Paragraph 31).

(xxiv) Scholarships should be provided by the Government of India for 20 per cent. of the boys who pass into the college annually, both to encourage talent and to assist the sons of soldiers who would otherwise be unable for financial reasons to enter the college.

Some of these scholarships should be fixed at an amount which will cover part of the expenditure on the boy's education at Dehra Dun, if he has been educated there. Apart from this there should be no modification of the existing official arrangements regulating the incidence of the cost of the education at the Dehra Dun College.

In addition the endowment of scholarships through private generosity for boys of particular Provinces, classes, communities and Indian States at Dehra Dun and the Indian military college would be welcomed. (Paragraph 31).

(xxv) Boys who elect to receive their education at Sandhurst after the military college has been established in India should receive no greater pecuniary assistance than that which is given at present to Indian boys proceeding to Sandhurst. (Paragraph 31).

Guardianship of Sandhurst cadets.

(xxvi) The arrangements for the guardianship of the Indian cadets at Sandhurst should be placed on a satisfactory footing. Parents who are in a position to do so should be encouraged to select their own guardians for their boys. For those boys whose parents are unable to secure the services of a personal guardian an official guardian should be appointed. He should be very carefully chosen, and his duties should be precisely defined. In view of the heavy responsibilities which will devolve upon him he should be granted some substantial remuneration. (Paragraph 34 and Appendix IV).

Grant of King's Commissions to Viceroy's Commissioned officers.

(xxvii) Viceroy's Commissioned officers who satisfy certain conditions should be admitted to the Indian military college in limited numbers for the purpose of qualifying for the King's Commission. Candidates should be selected by a board similar to that which interviews candidates for Sandhurst. Those admitted to the college should only be required to undergo the last two years, or the military portion, of the course. (Paragraph 28).

(xxviii) Special educational facilities should be afforded to the children of the classes from which Viceroy's Commissioned officers are drawn, so that the best of them may have a practical chance in future of rising through Viceroy's to King's Commissioned rank. (Paragraph 28).

Grant of University Commissions.

(xxix) Suitable Indian students of British Universities should be granted direct commissions in the Army. To make this proposal effectual, the Officers' Training Corps at British Universities should again be thrown open to Indians, any expense incurred in such a step being borne, if necessary, by the Government of India. (Paragraph 29).

(xxx) The time is not ripe at present for the grant of direct commissions on similar lines to students of Indian Universities. (Paragraph 29).

Later Training.

(xxxi) Indian cadets who are commissioned from the Indian military college should be attached to a cavalry or infantry unit in the United Kingdom for a period of one year. (Paragraph 46).

(xxxii) Indian cadets who qualify at Woolwich, and, later, those who qualify in India by the course corresponding to that of Woolwich, should complete their initial training in exactly the same way as the British cadet does at present, *i.e.*, by attending courses at Chatham and Cambridge in the case of Engineer officers and at Larkhill in the case of Artillery officers. (Paragraph 47).

The " eight units scheme ".

(xxxiii) The " eight units scheme " should be abandoned, and Indian King's Commissioned officers should be eligible to be posted to any Indian unit of the Indian Army. (Paragraph 32).

Pay and allowances.

(xxxiv) There should be no change in the present rates of pay and allowances, including marriage allowances. Incidentally, married students should not be allowed at the Dehra Dun College, or married cadets at Sandhurst or the Indian military college. (Paragraph 33).

Indian States.

(xxxv) A certain number of vacancies at the Indian military college over and above the number of vacancies available for candidates seeking commissions in the regular Indian Army should be reserved for Indian States which wish to avail themselves of the benefits of the training available at the college for the purpose of giving higher training to some of the officers of their State Forces. (Paragraph 48).

APPENDIX II.

Scheme of Indianisation.

The details of the suggested scheme of Indianisation of the Indian Army are shown in tabular form in the statement appended. The following notes are explanatory of the statement.

1. The normal strength of the cadre of officers of the Indian Army (Cavalry and Infantry units) has been taken as 3,200. The annual wastage in that cadre has, it is understood, never been actuarially calculated, and it has been assumed to be 160, the only figure of authority supplied to the Committee.

2. It is proposed that an increase of 10 vacancies at Sandhurst should be sanctioned immediately. An interval must be allowed in which to advertise the extra vacancies, etc. To permit of an increase in May, 1928 the additional cadets would have to be ready to pass the examination held in September, 1927, and would have to commence their special preparation for the examination at least six months before that. It is therefore postulated that there would be no increase of actual entrants until the September term of 1928, when 10 cadets instead of 5 should be admitted to Sandhurst, the examination for admission having been held in May, 1928.

3. In 1929 and in successive years, up to and including the year in which the proposed Indian military college is opened (*vide* note 4 following) it is proposed that there should be an increase of 4 each year, as a temporary measure, in the number of vacancies allotted to Indians at Sandhurst.

4. In 1933, a military college on the lines of Sandhurst should be opened in India. The capacity of the college should in the first instance be 100 cadets, and the course of training three years. A batch of 33 cadets should join the college in 1933 and in each of the two succeeding years.

5. After the opening of the Indian Military College, the number of vacancies allotted annually to Indians at Sandhurst can be reduced to the former figure of 20. Any vacancies at Sandhurst not actually taken up by Indians should be added to the establishment of the Indian Military College.

6. In 1936, the first cadets trained at the Indian Military College receive their commissions.

7. In 1936, the annual intake at the Indian Military College is increased by 12, this making a total of 45 Indian cadets sent for training, exclusive of the 20 Indian cadets sent to Sandhurst.

8. In 1939 and at intervals of 3 years thereafter, the annual intake at the Indian Military College is further increased, on each occasion by 12. In 1942, the intake rises to 69, giving, with the 20 Indian cadets sent for training at Sandhurst, a total of 89 Indian cadets to be commissioned.

9. In 1944, the senior Indian King's Commissioned officers now in the Army will be due to be considered for command of regiments. After this stage is passed and, it is assumed, passed successfully, the

number of commissions granted to Indians rises above 50 per cent. of the total annual recruitment to the Indian Army.

10. In 1952, more than 50 per cent. of the total officer cadre of the Indian Army consists of Indians.

11. The above figures are subject to a percentage correction on account of inevitable wastage and failure. This cannot be calculated precisely and for the present purpose it is not necessary to attempt to do so.

Table showing suggested scheme of Indianisation.

Year.	Numbers sent for Training.			Numbers Commissioned.			Total Commissioned.	Remarks.
	(a) Sandhurst. (1½ years).	(b) Indian Military College (3 years).	Total.	(a) Sandhurst.	(b) Indian Military College.	Total.		
Already Commissioned	..	..	75	..	..	75	75	
Now at Sandhurst ..	18*	..	18	..	..	..	..
1927 February ..	5	..	5	{ 7 2 }	..	9	84	
September ..	5	..	10					
1928 February ..	5	..	5	{ 9 5 }	..	14	98	
September ..	10	..	15					
1929 February ..	10	..	10	{ 5 5 }	..	10	108	
September ..	12	..	22					
1930 February ..	12	..	12	{ 10 10 }	..	20	128	
September ..	14	..	26					
1931 February ..	14	..	14	{ 12 12 }	..	24	152	
September ..	16	..	30					
1932 February ..	16	..	16	{ 14 14 }	..	28	180	
September ..	18	..	34					
1933 February ..	18	..	18	{ 16 16 }	..	32	212	<i>Indian Military College opened.</i>
September ..	20	33	71					
1934 February ..	20	..	20	{ 18 18 }	..	36	248	
September ..	10	33	63					
1935 February ..	10	..	10	{ 20 20 }	..	40	288	
September ..	10	33	53					
1936 ..	20	45	65	20	33	53	341	<i>First batch commissioned from Indian Military College.</i>

* Includes 3 Cadets who should have been commissioned by now in the ordinary course, but who

Year.	Numbers sent for Training.			Numbers Commissioned.			Total Commissioned.	Remarks.
	(a) Sandhurst. (1½ years).	(b) Indian Military College (3 years).	Total.	(c) Sandhurst.	(d) Indian Military College.	Total.		
1937	20	45	65	20	33	53	394	
1938	20	45	65	20	33	53	447	
1939	20	57	77	20	45	65	512	
1940	20	57	77	20	45	65	577	
1941	20	57	77	20	45	65	642	
1942	20	69	89	20	57	77	719	Half numbers under training Indians.
1943	20	69	89	20	57	77	796	
1944	20	69	89	20	57	77	873	
1945	20	81	101	20	69	89	962	Half numbers commissioned Indians.
1946	20	81	101	20	69	89	1,051	
1947	20	81	101	20	69	89	1,140	
1948	20	93	113	20	81	101	1,241	
1949	20	93	113	20	81	101	1,342	
1950	20	93	113	20	81	101	1,443	
1951	20	105	125	20	93	113	1,556	
1952	20	105	125	20	93	113	1,669	Half total cadre.
Total	..	..	2,008	..	..	1,669	..	

APPENDIX III.

Extract from a Lecture given at the R. M. C., Sandhurst. - (Reprinted from the R. M. C. Magazine, Easter, 1925.)

“ Finally, I promised a word about the Indianisation of the Indian Army, that is to say, the gradual substitution of Indian for British officers. There is a good deal of talk about this measure, and some people maintain that the Indian Army does not offer a career to the young Britisher to-day. They say that Britishers going into the Indian Army will have to serve under Indians, and that there is no security of tenure : that is to say, that at any time in his service a British officer may be called upon to clear out so as to make room for an Indian.

But in truth what does this measure amount to ? Out of a total of 132 Indian battalions and twenty-one Indian cavalry regiments the Government have selected six infantry battalions and two cavalry regiments to be Indianised. They have said to India, “ Now, prove to us that you can produce Indian officers, who can administer these units in peace and lead them in war. We will give you every assistance, but until you can prove your case we will not further extend Indianisation, as to do so might jeopardise India.”

But let us examine the arguments against going into the Indian Army. Firstly, what are the chances of a British officer entering the Indian Army to-day having to serve under Indian officers. In considering this question, remember that the average age on becoming a captain in the Indian Army is twenty-eight, and on becoming a major, thirty-seven. The figures that I give you are approximately accurate, and are taken from the Indian Army List of January 1925. In the Indian Army to-day we have seven Indian captains, of whom two are about to go. Of the remaining five, two belong to Indianised units to which British subalterns are not being posted ; so, of a total of 1,583 captains in the Indian Army, there are only three Indians under whom a Britisher might be called upon to serve, and two of these, owing to their age, are not likely to be promoted beyond the rank of major. So much for the captains.

Now for the subalterns. We find fifty-three Indians amongst them out of a total of 480. Of these fifty-three, eleven belong to Indianised units, and out of the forty-two remaining, six are over forty, and twenty-two between the ages of thirty and forty. The majority of these will take their first pension and clear out, for age precludes the possibility of their rising very high. Fourteen are left, eight of whom will not become captains till they are thirty-two years of age or over. Probably these will find that age will prevent their going very far, and of the six remaining, four will be just on thirty when they get their captaincy, and only two will get their captaincy at the age of twenty-eight.

A study of the Army List leads me to the conclusion that twenty years hence only a very few Indian officers out of those now serving will be left scattered about among the 131 units of the Indian Army open to British officers to-day. Moreover, as the few Indians that remain go up in rank it appears only logical to post to Indianised units, so that the Indian may have the opportunity of proving that he can produce efficient all-Indian units.

As regards Indian second-lieutenants, they are being posted to Indianised units, and this will continue for some years yet. When these units have proved their worth their number may be increased, and the British officers in them replaced by Indian cadets from Sandhurst. These will, however, be junior to any British officer in their unit, and the British officers so replaced will be absorbed into other units.

And now to take argument No. 2, namely that if Indianisation of the Indian Army is extended, those who go into that army to-day will find themselves thrown out later. This idea appears to have sprung up largely as the result of the drastic cutting down of the British and Indian Armies after the War. At that time large numbers of British officers were rendered surplus to our requirements, both in the British and Indian Army, and, as it was financially impossible to keep an army large enough to employ them all, it became necessary to buy them out.

Indianisation is a different matter. It is a case of substituting one man for another, and, since officers in all ranks cannot be found ready made, they must be educated up. Indianisation of the other services can proceed more rapidly, as Indians have been employed in them for years, and Indians to fill the higher offices already exist. But with the Army it is not so, and Indianisation must be a very gradual process, and expansion, if it is decided eventually to expand, can only take place by giving more commissions as second-lieutenants.

This fact to my mind precludes the possibility of a Britisher, entering the Indian Army to-day, finding himself thrown out later to make room for an Indian.

What I have said puts before you the point of view of the Britisher entering the Indian Army to-day, but, in considering it, do not let us lose sight of the task that is before the Indian cadets amongst you. It is they who have to prove, in the years to come, that they can produce units officered throughout by Indians, well trained and administered in peace and capable of rendering a good account of themselves in the test of war, and it is up to us to help them in every way we can."

APPENDIX IV.

Draft of suggested instructions prescribing the duties of the official guardian of Indian cadets at Sandhurst.

(1) The official guardian should during term time occupy a residence near the Royal Military College at Camberley.

(2) He should keep in close personal touch with his wards. He should make it his business to learn their circumstances. He should, at all times, be available for them to visit and should help them in any of their difficulties. He should make it his aim, so far as it is possible for a stranger to do so, to take the part of the boy's parents.

(3) He should avoid as far as possible imposing on Indian cadets any restrictions which are not shared by British cadets.

(4) He should correspond with parents, keep them informed of the progress of cadets and advise them in regard to their work, their health, their happiness and other cognate matters.

(5) He should keep in personal touch with the Commandant and Company Commanders of the Royal Military College; but he should be careful to abstain from identifying himself in any way with the internal machinery of the Royal Military College whether as regards discipline or education.

(6) He should correspond when necessary with the Military Secretary, India Office.

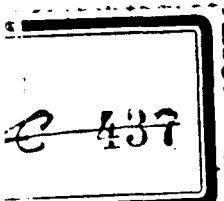
(7) Cadets should be invited to visit the residence of the official guardian at frequent intervals in order that they may acquire an insight into English home life.

(8) The official guardian should make suitable arrangements for the vacations of his wards and should ensure that the vacation is spent to the best advantage, e.g., in visiting and meeting British lads of their own age.

(9) Parents should be given an estimate of the private expenses that would normally be incurred. Funds should be remitted to the official guardian who should disburse to the cadets as required, keep individual accounts, and submit periodical accounts to the parents.



**Report of the Conference on the
Operation of Dominion Legislation and
Merchant Shipping Legislation, 1929.**



**CALCUTTA: GOVERNMENT OF INDIA
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CONTENTS.

	PAGE.
Part I.—Introduction	3
„ II.—Origin and Purpose of Conference	7
„ III.—Disallowance and Reservation	
(1) Disallowance	11
(2) Reservation	12
„ IV.—The Extra-territorial Operation of Dominion Legislation ..	15
„ V.—Colonial Laws Validity Act	17
„ VI.—Merchant Shipping Legislation and Colonial Courts of Admiralty Act, 1890	
(1) Merchant Shipping Legislation	26
(2) Colonial Courts of Admiralty Act, 1890	37
(3) Recommendations as to Legislation	39
(4) India	40
„ VII.—Suggested Tribunal for the Determination of Disputes ..	41
„ VIII.—Conclusion	41

**CONFERENCE ON THE OPERATION OF
DOMINION LEGISLATION AND
MERCHANT SHIPPING LEGISLATION.**

REPORT.

PART I.—INTRODUCTION.

Preliminary.

1. The proceedings of the Conference opened in London on the 8th October, 1929, and were continued until 4th December. During that period 17 plenary meetings were held which were normally attended by the following :—

United Kingdom.

The Right Hon. LORD PASSFIELD, Secretary of State for Dominion Affairs.

Sir WILLIAM JOWITT, K.C., M.P., Attorney-General.

Sir MAURICE GWYER, K.C.B., H.M. Procurator-General and Treasury Solicitor.

Sir E. J. HARDING, K.C.M.G., C.B., Assistant Under-Secretary of State, Dominions Office.

Mr. H. G. BUSHE, C.M.G., Assistant Legal Adviser, Dominions Office.

Sir C. HIPWOOD, K.B.E., C.B., Acting Second Secretary, Board of Trade.

Sir THOMAS BARNES, C.B.E., Solicitor, Board of Trade.

Canada.

Hon. ERNEST LAPOINTE, K.C., M.P., Minister of Justice.

Dr. O. D. SKELTON, Under-Secretary of State for External Affairs.

Mr. E. HAWKEN, Assistant Deputy Minister of Marine.

Mr. C. P. PLAXTON, K.C., Senior Advisory Counsel, Department of Justice.

Mr. J. E. READ, K.C., Legal Adviser, Department of External Affairs.

Mr. CHARLES J. BURCHELL, K.C., Member of the Bar of Nova Scotia.

Australia.

Sir WILLIAM HARRISON MOORE, K.B.E., C.M.G.

Major R. G. CASEY, D.S.O., M.C.

New Zealand.

Sir C. J. PARR, K.C.M.G., High Commissioner for New Zealand.
Mr. S. G. RAYMOND, K.C.

Union of South Africa.

The Hon. F. W. BEYERS, K.C., formerly Minister of Mines and Industries.

Dr. H. D. J. BODENSTEIN, Secretary, Department of External Affairs.

Mr. F. P. VAN DEN HEEVER, Legal Adviser, Department of External Affairs.

Irish Free State.

Mr. P. MCGILLIGAN, T.D., Minister for External Affairs.

Mr. J. A. COSTELLO, K.C., Attorney-General.

Mr. D. O'HEGARTY, Secretary to the Executive Council.

Mr. J. P. WALSH, Secretary, Department of External Affairs.

Mr. J. J. HEARNE, Legal Adviser, Department of External Affairs.

India.

Sir MUHAMMAD HABIBULLAH, K.C.S.I., K.C.I.E., Member of the Governor-General's Executive Council.

Sir BASANTA KUMAR MULLICK, Member of the Council of India.

Sir E. M. D. CHAMIER, K.C.I.E., India Office.

Mr. W. T. M. WRIGHT, C.I.E., I.C.S.

SECRETARIAT.

United Kingdom.

Mr. G. S. KING, M.C.

Mr. J. E. STEPHENSON.

Mr. J. H. WOODS.

Mr. A. E. LEE.

Canada.

Mr. JEAN DESY, K.C.

Australia.

Mr. W. T. HARRIS.

New Zealand.

Mr. C. B. BURDEKIN, M.B.E.

Union of South Africa.

Mr. W. C. NAUDE.

Irish Free State.

Mr. S. MURPHY.

Mr. F. H. BOLAND.

India.

Mr. R. S. BROWN.

2. The following also attended meetings of the Conference, for the discussion of particular subjects:—

United Kingdom.

- The Rt. Hon. WILLIAM GRAHAM, M.P., President of the Board of Trade.
- Mr. ARTHUR PONSONBY, M.P., Parliamentary Under-Secretary of State, Dominions Office.
- The Rt. Hon. Sir JOHN ANDERSON, G.C.B., Permanent Under-Secretary of State, Home Office.
- Sir CLAUD SCHUSTER, G.C.B., C.V.O., K.C., Permanent Secretary, Lord Chancellor's Department.
- Sir J. RISLEY, K.C.M.G., C.B., Legal Adviser, Dominions Office.
- Mr. H. W. MALKIN, C.B., C.M.G., Legal Adviser, Foreign Office.
- Mr. O. F. DOWSON, O.B.E., Assistant Legal Adviser, Home Office.
- Mr. F. PHILLIPS, C.B., Principal Assistant Secretary, Treasury.
- Mr. F. C. BOVENSCHEN, C.B., Assistant Secretary, War Office.
- Mr. H. EASTWOOD, Assistant Secretary, Admiralty.
- Mr. W. L. SCOTT, D.S.C., Principal, Air Ministry.

Canada.

- Mr. THOMAS MULVEY, K.C., Under-Secretary of State.

Irish Free State.

- Mr. M. DEEGAN.
- Mr. E. G. SMYTH.

India.

- Mr. G. S. BAJPAI, C.I.E., C.B.E., I.C.S.

3. Apart from meetings of the full Conference, the questions arising under the heads of Disallowance and Reservation and the extra-territorial operation of Dominion Legislation were also considered by a Committee under the supervision of Sir WILLIAM HARRISON MOORE. Committees under the Chairmanship respectively of Sir MAURICE GWYER and Mr. CHARLES J. BURCHELL dealt with the Colonial Laws Validity Act and Merchant Shipping Legislation.

Message from Their Majesties the King and Queen.

4. At the first meeting it was agreed that as the first official act of the Conference a message of greeting should be sent to Their Majesties the King and Queen.

The message was in the following terms :—

“ The representatives of the several parts of the British Commonwealth assembled in Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation desire at their first meeting to send respectful greetings to the King. They rejoice at Your Majesty's recovery from your long and serious illness, and hope that Your Majesty with Her Majesty the Queen may be given health and strength for many years to watch over the destinies and to promote the welfare of your peoples in all parts of your Empire.”

5. At the second meeting of the Conference held on the 9th October, Lord Passfield read to the Conference a gracious reply received from His Majesty as follows :—

“ It is with much satisfaction that I have received the message which the representatives of the British Commonwealth assembled in Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation as their first official act have addressed to me and I greatly appreciate their kindly references to my restoration to health. I shall follow with interest their discussions and trust that they may lead to an ever closer association of all parts of my dominions. The Queen joins with me in thanking them for their good wishes.

GEORGE R. I.”

PART II.—ORIGIN AND PURPOSE OF CONFERENCE.

General.

6. The present Conference owes its origin to a recommendation contained in the Report of the Imperial Conference of 1926. The Inter-Imperial Relations Committee of that Conference made a recommendation, which was approved by the full Conference, that a Committee should be set up to examine and report upon certain questions connected with the operation of Dominion legislation, and that a Sub-Conference should be set up simultaneously to deal with merchant shipping legislation. This recommendation was approved by the Governments concerned, and the present Conference was established to carry out those tasks.

7. The Report of the Imperial Conference of 1926, in addition to setting forth the problems which required further examination, contained first and foremost a statement of the principles regulating the relations of the members of the British Commonwealth of Nations at the present day. It is desirable to recall these principles as they establish the basis and starting-point of the work of the present Conference.

8. The Report of the Imperial Conference declared in relation to the United Kingdom and the Dominions that

“ They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.”

The Report recognised, however, that existing administrative, legislative and judicial forms were admittedly not wholly in accord with the position as described, a condition of things following inevitably from the fact that most of these forms dated back to a time well antecedent to the present stage of constitutional development.

9. With regard to the position of the Governor-General, it was placed on record in the Report that it was an essential consequence of the equality of status existing among the members of the British Commonwealth of Nations that the Governor-General is the representative of the Crown, holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in the United Kingdom, and that he is not the representative or agent of His Majesty's Government in the United Kingdom or of any Department of that Government.

10. With regard to certain points connected with Dominion legislation—disallowance, reservation, the extra-territorial operation of Dominion Laws, and the Colonial Laws Validity Act—the

Imperial Conference of 1926, while recognising that there would be grave danger in attempting in the limited time at their disposal any immediate pronouncement in detail on issues of such complexity, set forth certain principles which were considered to underlie the whole subject. As regards disallowance and reservation it was recognised that, apart from provisions embodied in Constitutions or in specific statutes expressly providing for reservation, it is the right of the Government of each Dominion to advise the Crown in all matters relating to its own affairs; and that consequently it would not be in accordance with constitutional practice for advice to be tendered to His Majesty by His Majesty's Government in the United Kingdom in any matter appertaining to the affairs of a Dominion against the view of the Government of that Dominion. It was also suggested that the appropriate procedure with regard to project legislation in one of the self-governing parts of the Empire which may affect the interests of other self-governing parts is previous consultation between His Majesty's Ministers in the several parts concerned; and it was stated that, with regard to the legislative competence of members of the British Commonwealth of Nations other than the United Kingdom, and in particular to the desirability of those members being enabled to legislate with extra-territorial effect, the constitutional practice is that legislation by the Parliament of the United Kingdom applying to a Dominion would only be passed with the consent of the Dominion concerned.

11. It was, however, considered that there were points arising out of these considerations, and in the application of these general principles, which required detailed examination. In the first place, there remains a considerable body of law passed by the Parliament of the United Kingdom which still applies in relation to the Dominions and at present cannot be repealed or modified by Dominion Parliaments; secondly, under the existing system His Majesty's Government in the United Kingdom retains certain powers with reference to Dominion legislation; and, thirdly, while the Parliament of the United Kingdom can legislate with extra-territorial effect, there is doubt as to the powers in this respect of Dominion Parliaments. The Imperial Conference accordingly recommended that steps should be taken by the United Kingdom and the Dominions to set up a Committee with terms of reference on the following lines:—

“ To enquire into, report upon, and make recommendations concerning—

“ (i) Existing statutory provisions requiring reservation of Dominion legislation for the assent of His Majesty or authorising the disallowance of such legislation.

“(ii) (a) The present position as to the competence of Dominion Parliaments to give their legislation extra-territorial operation.

“(b) The practicability and most convenient method of giving effect to the principle that each Dominion Parliament should have power to give extra-territorial operation to its legislation in all cases where such operation is ancillary to provision for the peace, order, and good government of the Dominion.

“(iii) The principles embodied in or underlying the Colonial Laws Validity Act, 1865, and the extent to which any provisions of that Act ought to be repealed, amended, or modified in the light of existing relations between the various members of the British Commonwealth of Nations as described in this Report” (i.e., the Report of the Imperial Conference).

Merchant Shipping.

12. The Imperial Conference of 1926 also considered the general question of Merchant Shipping legislation. On this subject the Conference pointed out that, while uniformity of administrative practice was desirable and, indeed, essential as regards the Merchant Shipping legislation of the various parts of the Empire, it was difficult to reconcile the application, in their present form, of certain provisions of the principal statute relating to Merchant Shipping, *viz.*, the Merchant Shipping Act, 1894, with the present constitutional status of the several members of the British Commonwealth of Nations. The Conference came finally to the conclusion that the general question of Merchant Shipping legislation should be remitted to a special Sub-Conference which it was thought might most appropriately meet at the same time as the Committee already mentioned.

13. On further examination of the problems involved, it appeared more convenient that the Committee and the special Sub-Conference should be organised as a single Conference. After consultation between the respective Governments this view received general acceptance, and the terms of reference to the present Conference accordingly include, in addition to those set out above, a reference—

“To consider and report on the principles which should govern, in the general interest, the practice and legislation relating to Merchant Shipping in the various parts of the Empire, having regard to the change in constitutional status and general relations which has occurred since existing laws were enacted.”

Position of India.

14. The Imperial Conference of 1926 recommended that arrangements should be made for the representation of India at the Sub-Conference on Merchant Shipping questions; but did not suggest that India should be represented on the proposed Committee. As a result, however, of preliminary examination of the matters falling within the scope of the terms of reference to the proposed Committee, it appeared that, while the position of India was a special one, some of the matters likely to come up for detailed discussion at the present Conference might be of interest to that country. It was consequently agreed that arrangements should be made for the representation of India at the present Conference for the discussion of the subject of Merchant Shipping and of such other particular subjects arising at the Conference as might be of direct interest to India.

The questions before the Conference.

15. In approaching the inquiry into the subjects referred to them, the present Conference have not considered it within the terms of their appointment to re-examine the principles upon which the relations of the members of the Commonwealth are now established. These principles of freedom, equality, and co-operation have slowly emerged from the experience of the self-governing communities now constituting that most remarkable and successful experiment in co-operation between free democracies which has ever been developed, the British Commonwealth of Nations; they have been tested under the most trying conditions and have stood that test; they have been given authoritative expression by the Governments represented at the Imperial Conference of 1926; and have been accepted throughout the British Commonwealth. The present Conference have therefore considered their task to be merely that of endeavouring to apply the principles, laid down as directing their labours, to the special cases where law or practice is still inconsistent with those principles, and to report their recommendations as a preliminary to further consideration by His Majesty's Governments in the United Kingdom and in the Dominions.

16. The three heads of the terms of reference to the Conference, apart from the question of Merchant Shipping which is dealt with separately, may be classified briefly as dealing with:—

- (i) Disallowance and Reservation;
- (ii) The extra-territorial operation of Dominion legislation;
- (iii) The Colonial Laws Validity Act, 1865.

17. It seems convenient to give some indication of the origin and nature of the questions which arise in each case, and then to state the recommendations of the Conference under each head.

PART III.—DISALLOWANCE AND RESERVATION.

(1) Disallowance.

Present Position.

18. The power of disallowance means the right of the Crown, which has hitherto been exercised (when occasion for its exercise has arisen) on the advice of Ministers in the United Kingdom, to annul an Act passed by a Dominion or Colonial Legislature.

19. The prerogative or statutory powers of His Majesty the King to disallow laws made by the Parliament of a Dominion, where such powers still subsist, have not been exercised for many years, and it is desirable that the position with regard to disallowance should now be made clear.

20. Whatever the historical origin of the power of disallowance may have been, it has now found a statutory expression in most of the Dominion Constitutions and accordingly the power of disallowance in reference to Dominion legislation exists and is regulated solely by the statutory provisions of those Constitutions.*

21. Section 58 of the New Zealand Constitution Act, 1852, and Section 56 of the British North America Act, 1867, empower the King in Council to disallow any Act of the Parliament of either Dominion within a period of two years from the receipt of the Act from the Governor-General. In Section 59 of the Constitution of the Commonwealth of Australia (1900) and Section 65 of the South Africa Act, 1909, the period prescribed is one year after the assent of the Governor-General has been given. The Irish Free State Constitution contains no provision for disallowance.

22. A distinction must, of course, be drawn between the existence of these provisions and their exercise. In the early stages of responsible government cases of disallowance occurred not infrequently merely for the reason that the legislation disallowed did not commend itself on its merits to the Government of the United Kingdom. This practice did not however long survive, for it was realised that under the conditions of self-government the power of disallowance should only be exercised where grave Imperial interests were concerned, and that such intervention was improper with regard to legislation of purely domestic concern. In fact the power of disallowance has not been exercised in relation to Canadian legislation since 1873 or to New Zealand legislation since 1867; it has never been exercised in relation to legislation passed by the Parliaments of the Commonwealth of Australia or the Union of South Africa.

*NOTE.—This does not apply to Newfoundland where the Constitution is based on Letters Patent and not on Statute.

Recommendations.

23. The Conference agree that the present constitutional position is that the power of disallowance can no longer be exercised in relation to Dominion legislation. Accordingly, those Dominions who possess the power to amend their Constitutions in this respect can, by following the prescribed procedure, abolish the legal power of disallowance if they so desire. In the case of those Dominions who do not possess this power, it would be in accordance with constitutional practice that, if so requested by the Dominion concerned, the Government of the United Kingdom should ask Parliament to pass the necessary legislation.

Special Position in relation to the Colonial Stock Act, 1900.

24. The special position in relation to the Colonial Stock Act, 1900, may conveniently be dealt with in this place. This Act empowers His Majesty's Treasury in the United Kingdom to make regulations governing the admission of Dominion stocks to the list of trustee securities in the United Kingdom. One of the conditions prescribed by the Treasury which at present govern the admission of such stocks is a requirement that the Dominion Government shall place on record a formal expression of its opinions that any Dominion legislation which appears to the Government of the United Kingdom to alter any of the provisions affecting the stock to the injury of the stockholder or to involve a departure from the original contract in regard to the stock would properly be disallowed. We desire to place on record our opinion that, notwithstanding what has been said in the preceding paragraph, where a Dominion Government has complied with this condition and there is any stock (of either existing or future issues of that Government) which is a trustee security in consequence of such compliance, the right of disallowance in respect of such legislation must remain and can properly be exercised. In this respect alone is there any exception to the position as declared in the preceding paragraph.

25. The general question of the terms on which loans raised by one part of the British Commonwealth should be given the privilege of admission to the Trustee List in another part falls naturally for determination by the Government of the latter, and it is for the other Governments to decide whether they will avail themselves of the privilege on the terms specified. It is right however to point out that the condition regarding disallowance makes it difficult and in one case impossible for certain Dominions to take advantage of the provisions of the Colonial Stock Act, 1900.

(2) Reservation.

Present Position.

26. Reservation means the withholding of assent by a Governor-General or Governor to a Bill duly passed by the competent

Legislature in order that His Majesty's pleasure may be taken thereon.

27. Statutory provisions dealing with reservation of Bills passed by Dominion Parliaments may be divided into (1) those which confer on the Governor-General a discretionary power of reservation and (2) those which specifically oblige the Governor-General to reserve Bills dealing with particular subjects.

28. The discretionary power of reservation is dealt with in Sections 56 and 59 of the New Zealand Constitution Act, 1852, Sections 55 and 57 of the British North America Act, 1867, Sections 58 and 60 of the Constitution of the Commonwealth of Australia (1900), Sections 64 and 66 of the South Africa Act, 1909, and Article 41 of the Constitution of the Irish Free State.

29. Provisions requiring Bills relating to particular subjects to be reserved by the Governor-General for the signification of His Majesty's pleasure exist in the Australian, New Zealand, and South African Constitutions. By Section 65 of the New Zealand Constitution Act, 1852, the General Assembly of New Zealand is given power to alter the sums allocated by the Schedule to the Act for the Governor's salary, the Judges, the establishment of the general government and native purposes respectively, but any Bill altering the salary of the Governor or the sum allocated to native purposes must be reserved. By Section 74 of the Constitution of the Commonwealth of Australia (1900), it is provided that the Commonwealth Parliament may make laws limiting the matters in which special leave to appeal from the High Court of Australia to His Majesty in Council may be asked, but proposed laws containing any such limitation shall be reserved by the Governor-General for the signification of His Majesty's pleasure. The South Africa Act, 1909, contains three sections relating to the reservation of Bills dealing with particular subjects. Section 106 contains provisions similar to those in Section 74 of the Constitution of the Commonwealth of Australia. Section 64 provides that all Bills repealing or amending that section or any of the provisions of Chapter IV of the Act under the heading "House of Assembly" and all Bills abolishing provincial councils or abridging the powers conferred on them under Section 85 shall be reserved. By paragraph 25 of the Schedule to the Act, which lays down the terms and conditions on which the Governor in Council may undertake the government of native territories if transferred to the Union under Section 151, it is provided that all Bills to amend or alter the provisions of this Schedule shall be reserved. There is no provision requiring reservation in either the Canadian or Irish Free State Constitutions.

30. Provisions relating to compulsory reservation are also to be found in the Colonial Courts of Admiralty Act, 1890, and in the Merchant Shipping Act, 1894. These provisions are dealt with in another section of this Report.

31. The power of reservation had its origin in the instructions given by the Crown to the Governor of a Colony as to the exercise by him of the power to assent to Bills passed by the colonial legislative body. It has been embodied in one form or another in the Constitutions of all the Dominions and may be regarded in their case as a statutory and not a prerogative power. Its exercise has involved the intervention of the Government of the United Kingdom at three stages,—in the instructions to the Governor concerning the classes of Bills to be reserved, in the advice tendered to the Crown regarding the giving or withholding assent to Bills actually reserved, and in the forms in use for signifying the Royal pleasure upon a reserved Bill. Reservation found a place naturally enough in the older colonial system under which the Crown exercised supervision over the whole legislation and administration of a Colony through Ministers in the United Kingdom. In the earlier stages of self-government supervision over legislation did not at once disappear, but it was exercised in a constantly narrowing field with the development of the principles and practice of responsible government. As regards the Dominions, it gradually came to be realised that the attainment of the purposes of reservation must be sought in other ways than through the use of powers by the Government of the United Kingdom. The present constitutional position is set forth in the statement of principles governing the relations of the United Kingdom and the Dominions contained in the Report of the Imperial Conference of 1926; and we have to apply these principles to the power of reservation and its exercise in the conditions now established.

Recommendations.

Discretionary Reservation.

32. Applying the principles laid down in the Imperial Conference Report of 1926, it is established first that the power of discretionary reservation if exercised at all can only be exercised in accordance with the constitutional practice in the Dominion governing the exercise of the powers of the Governor-General; secondly, that His Majesty's Government in the United Kingdom will not advise His Majesty the King to give the Governor-General any instructions to reserve Bills presented to him for assent, and thirdly, as regards the signification of the King's pleasure concerning a reserved Bill, that it would not be in accordance with constitutional practice for advice to be tendered to His Majesty by His Majesty's Government in the United Kingdom against the views of the Government of the Dominion concerned.

Compulsory Reservation—Principle governing the signification of the King's pleasure.

33. In cases where there is a special provision requiring the reservation of Bills dealing with particular subjects, the position would in general fall within the scope of the doctrine that it is the right of the Government of each Dominion to advise the Crown in all matters relating to its own affairs and that consequently it would not be in accordance with constitutional practice for advice to be tendered to His Majesty by His Majesty's Government in the United Kingdom in any matter appertaining to the affairs of a Dominion against the views of the Government of that Dominion.

34. The same principle applies to cases where alterations of a Constitution are required to be reserved.

Abolition of the Power of Reservation (Discretionary or Compulsory).

35. As regards the continued existence of the power of reservation, certain Dominions possess the power by amending their Constitutions to abolish the discretionary power and to repeal any provisions requiring reservation of Bills dealing with particular subjects, and it is, therefore, open to those Dominions to take the prescribed steps to that end if they so desire.

36. As regards Dominions that need the co-operation of the Parliament of the United Kingdom in order to amend the provisions in their Constitutions relating to reservation, we desire to place on record our opinion that it would be in accordance with constitutional practice that if so requested by the Dominion concerned the Government of the United Kingdom should ask Parliament to pass the necessary legislation.

PART IV.—THE EXTRA-TERRITORIAL OPERATION OF DOMINION LEGISLATION.

The present position as to the competence of Dominion Parliaments to give their legislation extra-territorial operation.

37. In the case of all Legislatures territorial limitations upon the operation of legislation are familiar in practice. They arise from the express terms of statutes or from rules of construction applied by the Courts as to the presumed intention of the Legislature, regard being had to the comity of nations and other considerations. But in the case of the legislation of Dominion

Parliaments there is also an indefinite range in which the limitations may exist not merely as rules of interpretation but as constitutional limitations. So far as these constitutional limitations exist there is a racial difference between the position of Acts of the Parliament of the United Kingdom in the United Kingdom itself and Acts of a Dominion Parliament in the Dominion.

38. The subject is full of obscurity and there is conflict in legal opinion as expressed in the Courts and in the writings of jurists both as to the existence of the limitation itself and as to its extent. There are differences in Dominion Constitutions themselves which are reflected in legal opinion in those Dominions. The doctrine of limitation is the subject of no certain test applicable to all cases, and constitutional power over the same matter may depend on whether the subject is one of a civil remedy or of criminal jurisdiction. The practical inconvenience of the doctrine is by no means to be measured by the number of cases in which legislation has been held to be invalid or inoperative. It introduces a general uncertainty which can be illustrated by questions raised concerning fisheries, taxation, shipping, air navigation, marriage, criminal law, deportation, and the enforcement of laws against smuggling and unlawful immigration. The state of the law has compelled legislatures to resort to indirect methods of reaching conduct which, in virtue of the doctrine, might lie beyond their direct power but which they deem it essential to control as part of their self-government.

39. It would not seem to be possible in the present state of the authorities to come to definite conclusions regarding the competence of Dominion Parliaments to give their legislation extra-territorial operation; and, in any case, uncertainty as to the existence and extent of the doctrine renders it desirable that legislation should be passed by the Parliament of the United Kingdom making it clear that this constitutional limitation does not exist.

Recommendations.

40. We are agreed that the most suitable method of placing the matter beyond possibility of doubt would be by means of a declaratory enactment in the terms set out below passed, with the consent of all the Dominions, by the Parliament of the United Kingdom.

41. With regard to the extent of the power so to be declared, we are of opinion that the recognition of the powers of a Dominion to legislate with extra-territorial effect should not be limited either by reference to any particular class of persons (e.g., the citizens of the Dominion) or by any reference to laws "ancillary to provision for the peace, order and good government of the Dominion" (which is the phrase appearing in the terms of reference to the Conference).

42. We regard the first limitation as undesirable in principle. With respect to the second, we think that the introduction of a reference to legislation ancillary to peace, order and good government is unnecessary, would add to the existing confusion on the matter, and might diminish the scope of the powers the existence of which it is desired to recognise.

43. After careful consideration of possible alternatives, we recommend that the clause should be in the following form:—

“It is hereby declared and enacted that the Parliament of a Dominion has full power to make laws having extra-territorial operation.”

44. In connection with the exercise of extra-territorial legislative powers, we consider that provision should be made for the customary extra-territorial immunities with regard to internal discipline enjoyed by the armed forces of one Government when present in the territory of another Government with the consent of the latter. Such an arrangement would be of mutual advantage and common convenience to all parts of the Commonwealth, and we recommend that provision should be made by each member of the Commonwealth to give effect to such customary extra-territorial immunities within its territory as regards other members of the Commonwealth.

PART V.—COLONIAL LAWS VALIDITY ACT.

Present Position.

45. The circumstances in which the Colonial Laws Validity Act, 1865, came to be enacted* are so well known that only a brief reference to them is necessary in this Report.

46. From an early stage in the history of Colonial development the theory had been held that there was a common law rule that legislation by a Colonial Legislature was void if repugnant to the law of England. This rule was apparently based on the assumption that there were certain fundamental principles of English law which no Colonial law could violate, but the scope of these principles was by no means clearly defined.

47. A series of decisions, however, given by the Supreme Court of South Australia in the middle of the nineteenth century applied

* The Act is reprinted as an Annex to this Report (see page 43).

the rule so as to invalidate several of the Acts of the Legislature of that Colony. It was soon realised that, if this interpretation of the law were sound, responsible Government, then recently established by the release of the Australian Colonies from external political control, would to a great extent be rendered illusory by reason of legal limitations on the legislative power which were then for the first time seen to be far more extensive than had been supposed. The serious situation which thus developed in South Australia led to an examination of the whole question by the Law Officers of the Crown in England, whose opinion, while not affirming the extensive application of the doctrine of repugnancy upheld by the South Australian Court, found the test of repugnancy to be of so vague and general a kind as to leave great uncertainty in its application. They accordingly advised legislation to define the scope of the doctrine in new and precise terms. The Colonial Laws Validity Act, 1865, was enacted as the result of their advice.

48. The Act expressly conferred upon Colonial Legislatures the power of making laws even though repugnant to the English common law, but declared that a Colonial law repugnant to the provisions of an Act of the Parliament of the United Kingdom extending to the Colony either by express words or by necessary intendment should be void to the extent of such repugnancy. The Act also removed doubts which had arisen regarding the validity of laws assented to by the Governor of a Colony in a manner inconsistent with the terms of his Instructions.

49. The Act, at the time when it was passed, without doubt extended the then existing powers of Colonial legislatures. This has always been recognised, but it is no less true that definite restrictions of a far-reaching character upon the effective exercise of those powers were maintained and given statutory effect. In important fields of legislation actually covered by statutes extending to the Dominions the restrictions upon legislative power have caused and continue to cause practical inconvenience by preventing the enactment of legislation adapted to their special needs. The restrictions in the past served a useful purpose in securing uniformity of law and co-operation on various matters of importance: but it follows from the Report of the Imperial Conference of 1926 that this method of securing uniformity, based as it was upon the supremacy of the Parliament of the United Kingdom, is no longer constitutionally appropriate in the case of the Dominions, and the next step is to bring the legal position into accord with the constitutional. Moreover, the interpretation of the Act has given rise to difficulties in practice, especially in Australia, because it is not always possible to be certain whether a particular Act does or does not extend by necessary intendment to a Dominion, and, if it does, whether all or any of the provisions of a particular Dominion law are or are not repugnant to it.

General Recommendations.

50. We have therefore proceeded on the basis that effect can only be given to the principles laid down in the Report of 1926 by repealing the Colonial Laws Validity Act, 1865, in its application to laws made by the Parliament of a Dominion, and the discussions at the Conference were mainly concerned with the manner in which this should be done. Our recommendation is that legislation be enacted declaring in terms that the Act should no longer apply to the laws passed by any Dominion.

51. We think it necessary, however, that there should also be a substantive enactment declaring the powers of the Parliament of a Dominion, lest a simple repeal of the Colonial Laws Validity Act might be held to have restored the old common law doctrine.

52. It may be stated in this connection that, having regard to the nature of the relations between the several members of the British Commonwealth and the constitutional position of the Governor-General of a Dominion, it has not been considered necessary to make any express provision for the possibility, contemplated in Section 4 of the Colonial Laws Validity Act, of colonial laws assented to by the Governor being held void because of any instructions with reference to such laws or the subjects thereof contained in the Letters Patent or Instrument authorising the Governor to assent to laws for the peace, order, or good government of the Colony.

53. We recommend that effect be given to the proposals in the foregoing paragraphs, by means of clauses in the following form :—

(1) *The Colonial Laws Validity Act, 1865, shall cease to apply to any law made by the Parliament of a Dominion.*

(2) *No law and no provision of any law hereafter made by the Parliament of a Dominion shall be void or inoperative on the ground that it is repugnant to the law of England or to the provisions of any existing or future Act of Parliament or to any order, rule or regulation made thereunder, and the powers of the Parliament of a Dominion shall include the power to repeal or amend any such Act, order, rule or regulation in so far as the same is part of the law of the Dominion.*

54. With regard lastly to the problem which arises from the existence of a legal power in the Parliament of the United Kingdom to legislate for the Dominions, we consider that the appropriate method of reconciling the existence of this power with the established constitutional position is to place on record a statement embodying the conventional usage. We therefore recommend that

a statement in the following terms should be placed on record in the proceedings of the next Imperial Conference—

“It would be in accord with the established constitutional position of all members of the Commonwealth in relation to one another that no law hereafter made by the Parliament of the United Kingdom shall extend to any Dominion otherwise than at the request and with the consent of that Dominion.”

We further recommend that this constitutional convention itself should appear as a formal recital or preamble in the proposed Act of the Parliament of the United Kingdom.

55. Practical considerations affecting both the drafting of Bills and the interpretation of Statutes make it desirable that this principle should also be expressed in the enacting part of the Act, and we accordingly recommend that the proposed Act should contain a declaration and enactment in the following terms :—

“Be it therefore declared and enacted that no Act of Parliament hereafter made shall extend or be deemed to extend to a Dominion unless it is expressly declared therein that that Dominion has requested and consented to the enactment thereof.”

56. The association of constitutional conventions with law has long been familiar in the history of the British Commonwealth; it has been characteristic of political development both in the domestic government of these communities and in their relations with each other; it has permeated both executive and legislative power. It has provided a means of harmonising relations where a purely legal solution of practical problems was impossible, would have impaired free development, or would have failed to catch the spirit which gives life to institutions. Such conventions take their place among the constitutional principles and doctrines which are in practice regarded as binding and sacred whatever the powers of Parliaments may in theory be.

57. If the above recommendations are adopted, the acquisition by the Parliaments of the Dominions of full legislative powers will follow as a necessary consequence. We then proceeded to consider whether in these circumstances special provision ought to be made with regard to certain subjects. These seemed to us to fall into two categories, namely, those in which uniform or reciprocal action may be necessary or desirable for the purpose of facilitating free co-operation among the members of the British Commonwealth in matters of common concern, and those in which peculiar and in some cases temporary conditions in some of the Dominions call for special treatment.

58. By the removal of all such restrictions upon the legislative powers of the Parliaments of the Dominions and the consequent effective recognition of the equality of these Parliaments with the Parliament of the United Kingdom, the law will be brought into harmony with the root principle of equality governing the free association of the members of the British Commonwealth of Nations.

59. As, however, these freely associated members are united by a common allegiance to the Crown, it is clear that the laws relating to the succession to the Throne and the Royal Style and Titles are matters of equal concern to all.

60. We think that appropriate recognition would be given to this position by means of a convention similar to that which has in recent years controlled the theoretically unfettered powers of the Parliament of the United Kingdom to legislate upon these matters. Such a constitutional convention would be in accord with and would not derogate from and is not intended in any way to derogate from the principles stated by the Imperial Conference of 1926 as underlying the position and mutual relations of the members of the British Commonwealth of Nations. We therefore recommend that this convention should be formally put on record in the following terms :—

“In as much as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.”

61. We recommend that the statement of principles set out in the three preceding paragraphs be placed on record in the proceedings of the next Imperial Conference, and that the constitutional convention itself in the form which we have suggested should appear as a formal recital or preamble in the proposed Act to be passed by the Parliament of the United Kingdom.

62. The second subject which we considered concerns the effect of the acquisition of full legislative powers by the Parliaments of the Dominions possessing federal Constitutions.

63. Canada alone among the Dominions has at present no power to amend its Constitution Act without legislation by the Parliament of the United Kingdom. The fact that no specific provision was made for effecting desired amendments wholly by Canadian agencies is easily understood, apart from the special conditions

existing in Canada at that time, when it is recalled that the British North America Act, 1867, was the first Dominion federation measure and was passed over sixty years ago, at an early stage of development. It was pointed out that the question of alternative methods of amendment was a matter for future consideration by the appropriate Canadian authorities and that it was desirable therefore to make it clear that the proposed Act of the Parliament of the United Kingdom would effect no change in this respect. It was also pointed out that for a similar reason an express declaration was desirable that nothing in the Act should authorise the Parliament of Canada to make laws on any matter at present within the authority of the Provinces, not being a matter within the authority of the Dominion.

64. The Commonwealth of Australia was established under, and its Constitution is contained in an Act of Parliament of the United Kingdom, the Commonwealth of Australia Constitution Act, 1900. The authority of the Constitution, with its distribution of powers between Commonwealth and States, originated in the first instance from the supremacy of Imperial legislation; and it was pointed out that the continued authority of the Constitution is essential to the maintenance of the federal system. The Constitution of the Commonwealth, though paramount law for the Parliament of the Commonwealth, is subject to alteration by the joint action of Parliament and the Electorate. To that extent the Commonwealth need not have recourse to any authority external to itself for alterations of its instrument of government. But "the Constitution," though the main part, is not the whole of the Commonwealth of Australia Constitution Act; and the eight sections of that which precede the section containing "the Constitution" can be altered only by an Act of the Parliament of the United Kingdom. It will be for the proper authorities in Australia in due course to consider whether they desire this position to remain and, if not, how they propose to provide for the matter.

65. The Constitution of New Zealand is to a very considerable extent alterable by the Parliament of New Zealand; but the powers of alteration conferred by the Constitution are subject to certain qualifications; and it is apparently a matter of doubt whether these qualifications have been removed by Section 5 of the Colonial Laws Validity Act. It appears to us that any recommendations in relation to the Constitution of the Dominion of Canada and the Commonwealth of Australia should also be applied to New Zealand; and it will then be for the appropriate authorities in New Zealand to consider whether, and, if so, in what form, the full power of alteration should be given.

66. We are accordingly of opinion that the inclusion is required in the proposed Act of the Parliament of the United Kingdom of express provisions dealing with the matters discussed in the three

preceding paragraphs, and we have prepared the following clauses :—

(1) *Nothing in this Act shall be deemed to confer any power to repeal or alter the Constitution Acts of the Dominion of Canada, the Commonwealth of Australia, and the Dominion of New Zealand, otherwise than in accordance with the law and constitutional usage and practice heretofore existing.*

(2) *Nothing in this Act shall be deemed to authorise the Parliaments of the Dominion of Canada and the Commonwealth of Australia to make laws on any matter at present within the authority of the Provinces of Canada or the States of Australia, as the case may be, not being a matter within the authority of the Parliaments or Governments of the Dominion of Canada and of the Commonwealth of Australia respectively.*

67. Similar considerations do not arise in connection with the Constitutions of the Union of South Africa and the Irish Free State. The Constitutions of both countries are framed on the unitary principle. Both include complete legal powers of constitutional amendment. In the case of the Union of South Africa the exercise of these powers is conditioned only by the provisions of section 152 of the South Africa Act, 1909. In the case of the Irish Free State they are exercised in accordance with the obligations undertaken by the Articles of Agreement for a Treaty signed at London on the 6th day of December, 1921.

68. The Report of 1926 dealt only with the constitutional position of the Governments and Parliaments of the Dominions. In recommending the setting up of the present Conference it did not make any specific mention of the special problems presented by federal Constitutions, and accordingly the present Conference has not been called on to consider any matters relating to the legislative powers of the Provincial Legislatures in Canada or the State Legislatures in Australia. The federal character of the Constitutions of Canada and Australia, however, gives rise to questions which we have not found it possible to leave out of account, inasmuch as they concern self-government in those Dominions.

69. The Constitution of Australia presents a special problem in respect to extra-territorial legislative power. The most urgently required field of extra-territorial power is criminal law, which, in general, is within the State power in Australia. In Australia the Parliaments of the States are not subject to any specific territorial restrictions; they differ from the Commonwealth Parliament only in this, that their laws have not the extended operation specifically

given to the laws of the Commonwealth Parliament by Section 5 of the Commonwealth of Australia Constitution Act, and that the Commonwealth Parliament has power over certain specific matters which look beyond the territory of the Commonwealth. The question whether the power of enacting extra-territorial laws over matters within its sphere, to be enjoyed by the Commonwealth Parliament in common with the Parliaments of other Dominions, should be granted also to State Parliaments is a matter primarily for consideration by the proper authorities in Australia.

70. The Australian Constitution also presents special problems in relation to disallowance and reservation. In Australia there is direct contact between the States and His Majesty's Government in the United Kingdom in respect of disallowance and reservation of State legislation. This position will not be affected by the report of the present Conference.

71. The question of the effect of repugnance of Provincial or State legislation to Acts of the Parliament of the United Kingdom presents the same problems in Canada and in Australia. The recommendations which we have made with regard to the Colonial Laws Validity Act do not deal with the problems of Provincial or State legislation. In the absence of special provision, Provincial and State legislation will continue to be subject to the Colonial Laws Validity Act and to the legislative supremacy of the Parliament of the United Kingdom, and it will be a matter for the proper authorities in Canada and in Australia to consider whether and to what extent it is desired that the principles to be embodied in the new Act of the Parliament of the United Kingdom should be applied to Provincial and State legislation in the future.

72. We pass now to the subject of nationality, which is clearly a matter of equal interest to all parts of the Commonwealth.

73. Nationality is a term with varying connotations. In one sense it is used to indicate a common consciousness based upon race, language, traditions, or other analogous ties and interests and is not necessarily limited to the geographic bounds of any particular State. Nationality in this sense has long existed in the older parent communities of the Commonwealth. In another and more technical sense it implies a definite connection with a definite State and Government. The use of the term in the latter sense has in the case of the British Commonwealth been attended by some ambiguity, due in part to its use for the purpose of denoting also the concept of allegiance to the Sovereign. With the constitutional development of the communities now forming the British Commonwealth of Nations the terms "national," "nationhood," and "nationality," in connection with each member, have come into common use.

74. The status of the Dominions in international relations, the fact that the King, on the advice of his several Governments, assumes obligations and acquires rights by treaty on behalf of individual members of the Commonwealth, and the position of the members of the Commonwealth in the League of Nations, and in relation to the Permanent Court of International Justice, do not merely involve the recognition of these communities as distinct juristic entities, but also compel recognition of a particular status of membership of those communities for legal and political purposes. These exigencies have already become apparent; and two of the Dominions have passed Acts defining their "nationals" both for national and for international purposes.

75. The members of the Commonwealth are united by a common allegiance to the Crown. This allegiance is the basis of the common status possessed by all subjects of His Majesty.

76. A common status directly recognised throughout the British Commonwealth in recent years has been given a statutory basis through the operation of the British Nationality and Status of Aliens Act, 1914.

77. Under the new position, if any change is made in the requirements established by the existing legislation, reciprocal action will be necessary to attain this same recognition the importance of which is manifest in view of the desirability of facilitating freedom of intercourse and the mutual granting of privileges among the different parts of the Commonwealth.

78. It is of course plain that no member of the Commonwealth either could or would contemplate seeking to confer on any person a status to be operative throughout the Commonwealth save in pursuance of legislation based upon common agreement, and it is fully recognised that this common status is in no way inconsistent with the recognition within and without the Commonwealth of the distinct nationality possessed by the nationals of the individual states of the British Commonwealth.

79. But the practical working out and application of the above principles will not be an easy task nor is it one which we can attempt to enter upon in this report. We recommend, however, that steps should be taken as soon as possible by consultation among the various Governments to arrive at a settlement of the problems involved on the basis of these principles.

80. There are a number of subjects in which uniformity has hitherto been secured through the medium of Acts of the Parliament of the United Kingdom of general application. Where uniformity is desirable on the ground of common concern or practical convenience we think that this end should in the future be sought by means of concurrent or reciprocal action based upon agreement. We recommend that uniformity of the law of prize

and co-ordination of prize jurisdiction should agreeably with the above principle be maintained. With regard to such subjects as fugitive offenders, foreign enlistment and extradition in certain of its aspects, we recommend that before any alteration is made in the existing law there should be prior consultation and, so far as possible, agreement.

81. Our attention has been drawn to the definition of the word "Colony" in Section 18 of the Interpretation Act, 1889, and we suggest that the opportunity should be taken of the proposed Act to be passed by the Parliament of the United Kingdom to amend this definition. We have accordingly prepared the following clause:—

In this Act and in every Act passed after the commencement of this Act the expression "Dominion" means the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, and the Irish Free State or any of them, and the expression "Colony" shall, notwithstanding anything in the Interpretation Act, 1889, not include a Dominion or any Province or State forming part of a Dominion.

82. In making the recommendations contained in this part of our Report, we have proceeded on the assumption that the necessary legislation and the constitutional conventions to which we have referred will in due course receive the approval of the Parliaments of the Dominions concerned.

PART VI.—MERCHANT SHIPPING LEGISLATION AND COLONIAL COURTS OF ADMIRALTY ACT, 1890.

(1) Merchant Shipping Legislation.

Present Position.

83. The general position is that the Dominions are empowered by their Constitutions to enact laws relating to merchant shipping subject to varying limitations. For instance, in the constitutions of Canada and Australia* "Navigation and Shipping" is expressly mentioned as one of the matters in respect of which their Parliaments may legislate, but under legislation extending to the Dominions, or to the territories which now constitute the

* NOTE.—In the case of Australia, this is qualified by the fact that "navigation and shipping" is itself comprised within the matter of trade and commerce with other countries and among the States, so that intra-state shipping belongs not to the Commonwealth Parliament but to the State. The consequences arising from this division of power within Australia itself lie outside the consideration of this Conference.

Dominions, which was enacted by the Parliament of the United Kingdom before 1911, and which is still the controlling legislation in respect of merchant shipping, the legislatures of the Dominions are treated as subordinate legislatures. The reason for this is not difficult to understand when it is explained that the Merchant Shipping Act, 1854, which was made for the situation existing at that date, is substantially the legislation which continues to be applicable to the Dominions. The Merchant Shipping Act, 1894, which with its amendments is now the governing Act, was merely a re-enactment of the 1854 Act, with the insertion of amendments made during the intervening years. In the year 1854 none of the Dominions as such was in existence, and it is obvious that legislation cast in a form appropriate to the constitutional status of the British possessions over half a century ago must be inconsistent with the facts and constitutional relationships obtaining in the British Commonwealth of Nations as that system exists to-day.

84. Since the year 1911 the practice has been established that enactments of the Parliament of the United Kingdom in relation to merchant shipping and navigation have not been made applicable to the Dominions. In general, all shipping legislation passed by the Parliament of the United Kingdom since that date has been so framed as not to extend to the Dominions.

85. In view of the continued growth of the Dominions, it was inevitable that there should be doubts and difficulties as to the extent of the powers of the Dominions with respect to merchant shipping legislation, and this occasioned differences of opinion from time to time. The decisions of the courts, however, indicate in some of the Dominions that, because of the operation in those Dominions of the Colonial Laws Validity Act, 1865, the legal position is that statutes in respect of merchant shipping passed by the Parliament of the United Kingdom, both before and after the date of the respective constitutions, over-ride any repugnant legislation passed by a Dominion Parliament. In the Commonwealth of Australia the Act of the Parliament of the United Kingdom in relation to shipping has been construed by the High Court of Australia as intending to deal with the subject of merchant shipping as a single integer, subject only to specific exceptions, so that repugnancy in legislation of the Parliament of the Commonwealth of Australia to that central and commanding intention is repugnancy to the Act of the Parliament of the United Kingdom.

86. An examination of the legislation passed by the Parliament of the United Kingdom before the year 1911 in respect of merchant shipping shows that it applies to a large extent to all the Dominions and to all British ships. The principal Acts now in force are the Merchant Shipping Acts, 1894 to 1906.

87. Under these Acts, combined with the operation in the Dominions of the Colonial Laws Validity Act, 1865, the present

legal position of such Dominions as Canada and Australia, as interpreted by their courts, may be summarised generally as hereinafter mentioned. We refer particularly to Canada and Australia because the courts of these Dominions have been called upon more frequently than those of other Dominions to pronounce upon the constitutional questions involved.

(a) The Parliament of the Dominion, under the authority contained in Section 735 of the Merchant Shipping Act, 1894 (which is a re-enactment of Section 547 of the 1854 Act), may repeal any provisions of the 1894 Act or its amendments (other than those of the third part thereof which relates to emigrant ships) relating to ships registered therein. The Dominion Parliament is then in a position to substitute its own laws.

(b) The Act providing for the repeal must be confirmed by His Majesty in Council, and does not take effect until the approval has been proclaimed in the Dominion.

(c) As registration under Part 1 of the 1894 Act may be held to be a condition which must be in existence before Section 735 can operate, it has apparently been assumed that there is no power under Section 735 to repeal certain of the provisions of Part 1 which provide the machinery for registration. Neither Canada nor Australia has included in its shipping legislation any provisions for registration, except that the Canadian Act provides for recording a mortgage on a ship about to be built, or being built.

(d) Under Section 265 of the 1894 Act, if there is any conflict of laws on the subject of the second part of the Act (which relates to masters and seamen), the case is apparently to be governed by the provisions of the 1894 Act, and not by the laws of the Dominion.

(e) The authority of the Parliament of a Dominion to enact legislation having extra-territorial operation in respect of shipping, except where specifically authorised under legislation of the Parliament of the United Kingdom, has been questioned. An example of such authorisation is found in Section 264 of the 1894 Act, which relates to masters and seamen, and authorises the operation of extra-territorial legislation by a Dominion, but only when such legislation applies or adapts provisions which are similar to those of the 1894 Acts. Another example of such authorisation is found in the Commonwealth of Australia Constitution Act, 1900, which provides that: "The laws of the Commonwealth shall be in force on all British ships, the Queen's ships of war excepted, whose first port of clearance and whose port of destination are in the Commonwealth." This provision has been held not to confer any new subject matter of power but merely to define the extent of operation of laws enacted within a subject matter granted. In effect, it establishes that on the ships comprised within its terms Australian

law operates outside the three-mile limit as well as within that limit, but it is far from being a provision extending to all Australian shipping. The High Court of Australia has held that it applies only to cases where the beginning and the end of the voyage are both in the Commonwealth. While, therefore, the extra-territorial operation of Commonwealth laws is not ousted merely because the ship's itinerary includes some foreign port, provided that there is a single round voyage beginning and ending in the Commonwealth, it does not include cases where the ship is making separate foreign voyages out and home, and her home port is in Australia.

(f) The Parliament of the Dominion has not authority to enact legislation repugnant to the legislation of the Parliament of the United Kingdom in relation to ships coming into the harbours or territorial waters of the Dominion, if such ships are registered in other parts of the British Commonwealth of Nations, or are foreign ships.

(g) The Parliament of the Dominion has not authority to enact legislation repugnant to the provisions of the third part of the 1894 Act in relation to emigrant ships registered in the Dominion.

(h) The Parliament of the Dominion, under Section 736 of the 1894 Act (which is a re-enactment of Section 4 of the Merchant Shipping (Colonial) Act, 1869), may enact legislation to regulate the coasting trade of such Dominion. This legislation, however, must contain a suspending clause providing that the Act shall not come into operation until His Majesty's pleasure thereon has been publicly signified in the Dominion; the legislation must treat all British ships (including ships of any other British possession) in exactly the same manner as ships of such Dominion; and, where by treaty made before 1869 "Her Majesty has agreed to grant to any ships of any foreign State any rights or privileges in respect of the coasting trade of any British possession, those rights and privileges shall be enjoyed by those ships for so long as Her Majesty has already agreed or may hereafter agree to grant the same, anything in the Act or Ordinance to the contrary notwithstanding".

88. Further, the legal situation appears to be confused because of the fact that, as already explained, legislation of the Parliament of the United Kingdom in relation to shipping continued to be made applicable to the Dominions from 1854 until 1911, but after that date such legislation was expressed not to extend to the Dominions; the restrictions, however, imposed by the Merchant Shipping Acts, 1894 to 1906, were not removed; and in view of the provisions of the Colonial Laws Validity Act, 1865, legislation passed by a Dominion Parliament on the subject of merchant shipping might be held to be void and inoperative on the ground of repugnancy.

89. What, therefore, the Parliament of such a Dominion as Canada or Australia is required to do since the year 1911 is, by means of its own legislation, to endeavour to work into the existing shipping legislation of the Parliament of the United Kingdom, applicable to such a Dominion, certain modifications and additions embodied in international conventions to which the Dominion may be a party, or which may otherwise be desired. This it must do, avoiding repugnancy to any legislation of the Parliament of the United Kingdom, and avoiding also the field of legislation into which the Parliament of a Dominion cannot enter by reason of restrictive provisions in the Merchant Shipping Act, 1894, and in such Acts as the Colonial Courts of Admiralty Act, 1890. This in some cases may be impossible. For instance, the Brussels International Maritime Conference of 1926 agreed upon certain rules of law relating to maritime mortgages and liens, and other rules relating to the limitations of the liability of owners of sea-going vessels. If a Dominion Parliament desired to confer upon its courts jurisdiction and authority to enforce these rules of law, it might find it impossible to enact legislation fully implementing the conference agreement in respect of foreign ships or ships registered outside the Dominion, as these fields of jurisdiction appear to be partially, if not wholly, reserved for the Parliament of the United Kingdom. In respect of mortgages and liens there may even be difficulty for the same reason in regard to ships registered in the Dominion itself.

90. In the Report of the Imperial Conference of 1926, it was pointed out that existing legislative forms are admittedly not wholly in accord with the constitutional status of the United Kingdom and the Dominions as described in the Report. It was also pointed out that this was inevitable, since most of these forms date back to a time well antecedent to the present stage of constitutional development. This is obviously the case in connection with merchant shipping legislation, and the need for immediate remedy is quite apparent.

The New Position.

91. Our general conclusions on the Operation of Dominion Legislation, including the recommendations regarding extra-territorial effect of Dominion laws, the Colonial Laws Validity Act, 1865, reservation and disallowance, are applicable to the constitutional position of legislation affecting merchant shipping.

92. When these conclusions are given effect to, and the restrictions imposed on Dominion Parliaments by Sections 735 and 736 of the Merchant Shipping Act, 1894, are removed by the Parliament of the United Kingdom, which we recommend should be done, there will no longer be any doubt as to the full and complete

power of any Dominion Parliament to enact legislation in respect of merchant shipping, nor will Dominion laws be liable to be held inoperative on the ground of repugnancy to laws passed by the Parliament of the United Kingdom.

93. The new position will be that each Dominion will, amongst its other powers, have full and complete legislative authority over all ships while within its territorial waters or engaged in its coasting trade; and also over its own registered ships both intra-territorially and extra-territorially. Such extra-territorial legislation will, of course, operate subject to local laws while the ship is within another jurisdiction.

94. The ground is thus cleared for co-operation amongst the members of the British Commonwealth of Nations on an equal basis in those matters in which practical considerations call for concerted action. This concerted action may take the form of agreements, for a term of years, as to the uniformity of laws throughout the British Commonwealth of Nations; as to the reciprocal aid in the enforcement of laws in jurisdictions within the British Commonwealth outside the territory of the enacting Parliament; and as to any limitations to be observed in the exercise of legislative powers.

Recommendations.

95. As shipping is a world-wide interest, in which uniformity is from the nature of the case desirable, there is a strong presumption in favour of concerted action between the members of the British Commonwealth in shipping matters, but this concerted action must from its nature result from voluntary agreements by the members of the Commonwealth; it should be confined to matters in which concerted action is necessary or desirable in the common interest; it should be sufficiently elastic to permit of alterations being made from time to time as experience is gained; and it must not prevent local matters being dealt with in accordance with local conditions. The kind of agreement which we have in mind in making our recommendations is one extending over a fixed period of years and providing for revision from time to time.

96. It would be difficult, and is not necessary, at the present stage to frame a complete list of the shipping questions on which uniformity is desirable, but certain matters stand out clearly and we submit the following recommendations with regard to them.

97. *Common Status.*—(a) There should be agreed uniform minimum qualifications for ownership to govern the admission of ships to registry in all parts of the British Commonwealth of Nations. The provisions of Section 1 of the Merchant Shipping Act, 1894, would appear to form a suitable basis for that purpose.

(b) Ships complying with these agreed qualifications for ownership and registered in any part of the British Commonwealth of Nations will possess a common status for all purposes and will be entitled to the same recognition as is now accorded to British ships.

98. *Standards of Safety.*—(a) It is desirable in the interests of all parts of the Commonwealth that uniform standards should be observed in all matters relating to the safety of the ship and those on board, so that the substantial uniformity which at present prevails in these matters on all ships of the British Commonwealth of Nations should be maintained and their reputation preserved.

(b) With regard to the means for securing this uniformity, it is to be observed that the tendency is for matters relating to the safety of the ship and those on board to be regulated by international agreements such as the International Convention for the Safety of Life at Sea, 1929, which deals with the construction of passenger ships, life-saving appliances on passenger ships, radiotelegraphy, and certain matters relating to the safety of navigation including proposed amendments to the International Regulations for Preventing Collisions at Sea. Where there is such international regulation the observance of uniform standards is secured by the general adoption of the appropriate conventions.

(c) In those matters in which standards of safety have not yet been settled by international agreements, there is at present, in fact, substantial uniformity throughout the Commonwealth. Under the new position each part of the Commonwealth will be free to adopt its own standards for its own ships and for all ships within its jurisdiction, but for practical reasons it is desirable that each part should inform the others of any modifications of substance which it may make or propose to make in those standards, together with the reasons for the modification, in order that uniformity of standards may, so far as possible, be maintained.

99. *Extra-territorial Operation of Legislation.*—(a) Each part of the British Commonwealth, in the exercise of the power to legislate with extra-territorial effect with regard to ships, should accept the principle that legislation with extra-territorial effect passed in one part of the Commonwealth should not be made to apply to ships registered in another part without the consent of that latter part.

(b) This recommendation is not intended to limit the power of any part of the British Commonwealth over its coasting trade.

100. *Uniform Treatment.*—(a) At present all British ocean-going ships are treated alike in all ports of the British Commonwealth and, as stated in the Resolutions of the Imperial Economic Conference of 1923, it is the established practice to make no discrimination between ocean-going ships of all countries using ports in the Commonwealth. In view of the importance that is attached to uniformity of treatment, it is recommended that the

different parts of the Commonwealth should continue not to differentiate between their own ocean-going ships and similar ships belonging to other parts of the Commonwealth. Such uniformity of treatment is regarded as an asset of very considerable importance, especially for the purpose of negotiations with foreign Governments who may seek to discriminate in favour of their own ships and against British Commonwealth ships.

(b) Under the new position, each part of the Commonwealth will have full power to deal with its own coasting trade. We recommend that the Governments of the several parts of the Commonwealth might agree, for a limited number of years, to continue the present position, under which ships of any part of the Commonwealth are free to engage in the coasting trade of any other part.

(c) These recommendations are not intended to affect the right of any part of the Commonwealth to impose conditions of a general character on all ships engaged in its coasting trade, or to impose customs tariff duties on ships built in other parts of the Commonwealth or outside it, or to give such financial assistance as it thinks fit to its own ships.

(d) These recommendations are also not intended to include any reference to questions affecting fisheries or the fishing industry, which were not considered to be within the scope of the Conference.

(e) It is recommended that no part of the British Commonwealth should give more favourable treatment to foreign ships than to ships of other parts of the Commonwealth.

(f) The precise manner of giving effect to these recommendations, if they are approved, will, we assume, be determined by the Governments of the British Commonwealth. So far as we are concerned, we suggest that an agreement might be made between the several parts of the Commonwealth for a limited term of years, containing a provision that the principles would not be departed from after the expiration of the agreed term without previous notification to the other members of the Commonwealth and consideration of their views.

101. *Internal Discipline and Agreements with the Crew.*—Each part of the British Commonwealth in the exercise of its right to legislate for all ships within its territorial jurisdiction should, for practical reasons, accept the principle that, in matters relating to the internal discipline of the ship and in matters governed by the agreement with the crew, the law of the country of registration should follow the ship, but this principle should be subject to the following exceptions :—

(a) If a ship registered in one part of the British Commonwealth is engaged wholly or mainly in the coasting trade of another part,

the law of that latter part should govern matters relating to the internal discipline of the ship and matters relating to the agreement with the crew.

(b) In the case of a ship registered in one part of the Commonwealth, if an agreement with the crew is opened in another part of the Commonwealth, the law of that latter part as regards the agreement with the crew should apply.

102. *Certificates of Competency and Service.*—Subject to any special arrangement as to the coasting trade, certificates granted by one part of the Commonwealth should be recognised as valid throughout the Commonwealth for all ships registered in that part. It is recommended that there should be such uniform qualifications throughout the Commonwealth for certificates of competency as will facilitate a mutual recognition of such certificates for all purposes.

103. *Courts of Inquiry.*—(a) Investigations with regard to casualties to ships registered in any part of the Commonwealth will be held by that part of the Commonwealth in which the ship is registered, no matter where the casualty takes place, if that part so desires. Each part of the Commonwealth will, if it so desires, hold investigations into casualties to any ships no matter where registered if the casualty occurs on or near the coasts of that part or while the ship is engaged in the coasting trade of that part. With regard, however, to casualties to ships registered in one part of the Commonwealth which take place elsewhere than on or near the coasts of another part of the Commonwealth or while the ship is engaged otherwise than in the coasting trade of that other part, it is recommended that an agreement be made based upon the general principle (from which agreed exceptions may be necessary) that no enquiry should be held by any part other than the part in which the ship is registered except with the consent or at the request of that part. It is also recommended that an agreement be made that the principles governing the constitution and procedure of Courts of Formal Investigation should be uniform throughout the Commonwealth and should provide such safeguards as are at present furnished by Part VI of the Merchant Shipping Act, 1894. It is also recommended that a right of appeal from a Court of Formal Investigation should exist and that such appeal should lie to the appropriate Court in that part of the Commonwealth in which the Investigation takes place.

(b) Every Court of Formal Investigation constituted under the authority of one part of the Commonwealth should have power to cancel or suspend a certificate granted by any other part of the Commonwealth. Such cancellation or suspension will have effect only within the jurisdiction of that part of the Commonwealth under whose authority the Court was constituted, but will, if

adopted by the granting authority, have the effect of a cancellation or suspension by that authority.

(c) With regard to Courts which deal with questions of misconduct and incompetency other than would be ordinarily dealt with by Courts of Formal Investigation, it is recommended that the procedure of these Courts and the principles upon which such Courts should be constituted and on which certificates should be dealt with should be those recommended above with regard to Courts of Formal Investigation.

104. *Naval Courts*.—Naval Courts are *ad hoc* Courts summoned under the authority of the Merchant Shipping Act, 1894, by a Naval or Consular Officer in a foreign port to deal with casualties and other matters relating to a ship, her owners, master or crew. The position of these courts does not, having regard to their constitution, seem to be one in which any question of reciprocal agreement arises. Under the new position each part of the Commonwealth will be able to take steps if it so desires either to continue the facilities at present offered by these Courts or to discontinue them with regard to its own registered ships and substitute other facilities.

105. *Distressed Seamen*.—It is recommended that reciprocal arrangements be made between all parts of the Commonwealth to provide for and facilitate in proper cases the return to each part of the Commonwealth of distressed seamen of that part and also, so far as is practicable, to enable the authorities of each part to recover the reasonable cost of repatriation from the owner of the vessel in which the seamen served.

106. *Mutual Enforcement of Law*.—(a) We have examined very carefully the question as to how far, if at all, it would be practically possible to make provision for the enforcement in one part of the Commonwealth of the law of another part with regard to offences occurring on ships registered in that other part of the Commonwealth. At first sight it would appear that some such provision could be made to work satisfactorily but upon consideration it seems clear that the practical and other difficulties in the way of such mutual enforcement of laws are so great as to make it impossible to recommend any general arrangement of this kind. The position which obtains at present is only possible because the system of law which is applied is a unitary system and when that system comes to an end a solution of the difficulties which arise will have to be sought in other directions.

(b) Thus with regard to ordinary crimes committed on ships it is thought that the remedy will be to provide some workable scheme based upon reciprocal agreement and legislation enacted by each part of the Commonwealth, whereby the system which operates at present under the Fugitive Offenders Act 1881 may be continued.

(c) Again, with regard to offences against merchant shipping legislation it is suggested that the difficulties will to a great extent disappear if uniformity is agreed upon by all parts of the Commonwealth in matters relating to safety of the ships and persons on board. If there is such uniformity, the result will, in most cases, be that if an offence is committed with regard to a ship when she leaves one part of the Commonwealth it will be found on her arrival in another part of the Commonwealth that she has therein contravened the local law, with the result that proceedings in respect of that offence may be taken there.

(d) With regard to offences against discipline committed on the high seas, it will probably be found that the law of that part in which the vessel is registered makes provision for disciplinary action by the master of the ship. If, however, the offence is such as to necessitate legal proceedings those proceedings will be available when the offender returns to that part of the Commonwealth in which the ship is registered.

107. *Forfeiture*.—(a) Proceedings for forfeiture for contravening the common qualifications for ownership will be taken in the Courts in that part of the Commonwealth in which the ship is registered. Proceedings of this kind, however, may be taken with regard to ships registered in one part of the Commonwealth in the Courts of another part if the authorities of the part where the ship is registered so request. The forfeiture will be for the benefit of the Exchequer of the part in which the ship is registered.

(b) With regard to an unregistered ship wrongly assuming the character of a registered ship, proceedings may be taken in any part of the Commonwealth into which the ship is taken.

108. *Carriage of Goods by Sea*.—This is a subject on which in our opinion uniformity of legislation is highly desirable throughout the British Commonwealth and in this connection attention is drawn to the Resolution passed by the Imperial Conference of 1926 in the following terms :—

“The Imperial Conference having considered the steps taken to bring into force the Rules relating to Bills of Lading which were embodied in the International Bills of Lading Convention signed at Brussels in October, 1923, and were recommended by the Imperial Economic Conference of 1923 for adoption by the Governments and Parliaments of the Empire, notes with satisfaction that there is good prospect of the general adoption of these Rules throughout the Empire and also welcome the progress which had been made towards the achievement of international uniformity upon the basis of these Rules”.

109. *General Statement.*—(a) We have, after describing the present position with regard to merchant shipping legislation and outlining the general nature of the new position which will take its place, indicated a number of matters connected with merchant shipping in which, in our view, uniformity of laws throughout the British Commonwealth is of great importance in the interests of all, but those who may be entrusted with the duty of preparing the terms of agreements and the form of legislation to implement those agreements may find it desirable to include other matters besides those which have been specifically mentioned.

(b) For instance, we recommend that there should be uniformity with regard to the qualifications for ownership, but we consider that uniformity is also desirable in such matters as transfer, mortgage, measurement of ships and tonnage which are ancillary to the question of qualifications for ownership. It is quite probable that uniformity in such matters will be found to be practicable. The co-ordination of the various registers is also a matter which might well be considered with a view to an arrangement being made.

(2) Colonial Courts of Admiralty Act, 1890.

110. At the present time, Admiralty Courts in all the Dominions, except in the Irish Free State, are constituted under the provisions of the Colonial Courts of Admiralty Act, 1890, passed by the Parliament of the United Kingdom. In the Irish Free State, Admiralty laws are administered under the provisions of the Courts of Admiralty (Ireland) Act, 1867, and accordingly different considerations apply there.

111. Prior to the enactment of the Colonial Courts of Admiralty Act, 1890, Admiralty law was administered in the Dominions or in the territories now forming the Dominions, other than Ireland, in Vice-Admiralty Courts which were established in the early days under the authority of the Admiralty, and in later years under the authority of enactments passed by the Parliament of the United Kingdom. The Colonial Courts of Admiralty Act, 1890, which repealed all previous enactments in relation to Vice-Admiralty Courts, provided that every court of law in a British possession, which is for the time being declared in pursuance of that Act to be a Court of Admiralty, or which, if no such declaration is in force in the possession, has therein original unlimited civil jurisdiction, shall be a Court of Admiralty and that the jurisdiction of such Colonial Court of Admiralty should, subject to the provisions of the Act, be the same as the Admiralty jurisdiction of the High Court in England, whether existing by virtue of any statute, or otherwise. The Act also provided that any Colonial law "shall not confer any jurisdiction which is not by this Act conferred upon a Colonial Court of Admiralty." Apparently the intention was that the provisions of the Act should cover the whole field of

Admiralty jurisdiction to the exclusion of any legislation by a Dominion. Rules for regulating the procedure and practice in the Court were authorised to be made by a Colonial Court of Admiralty, but such rules should not come into operation until approved by His Majesty in Council. Any Colonial law made in pursuance of the Act, which affects the jurisdiction of, or practice or procedure in the Courts, in respect of the jurisdiction conferred by the Act, must, unless previously approved by His Majesty through a Secretary of State, either be reserved for the signification of His Majesty's pleasure thereon or contain a suspending clause providing that such law shall not come into operation until His Majesty's pleasure thereon has been publicly signified in the Dominion in which it is passed.

112. Under a recent decision of the Judicial Committee of the Privy Council, it was held that the jurisdiction of an Admiralty Court established under the Act does not march with the Admiralty jurisdiction of the High Court in England but was fixed by the Admiralty jurisdiction of the High Court as it existed when the Act was passed in 1890.

113. Since the year 1890, important additions have been made to the Admiralty jurisdiction of the High Court in England and this jurisdiction has not been added to the Courts of Admiralty in the Dominions. The jurisdiction is, therefore, not uniform at the present time throughout the United Kingdom and the Dominions. Doubts have been expressed as to whether a Dominion, in which the Act is in force, has legislative authority to increase the jurisdiction of Admiralty Courts in such Dominion or whether this must be done by an Act of the Parliament of the United Kingdom.

114. The existing situation of control in the United Kingdom of Admiralty Courts in the Dominions is not in accord with the present constitutional status of the Dominions, and should be remedied.

115. Our recommendation is that each Dominion in which the Colonial Courts of Admiralty Act, 1890, is in force should have power to repeal that Act.

116. Our general conclusions on the operation of the Colonial Laws Validity Act, 1865, and reservation and disallowance are applicable to the Colonial Courts of Admiralty Act, 1890. As soon as the legislation necessary to give effect to these recommendations is passed, each Dominion will be free to repeal if and when desired the Colonial Courts of Admiralty Act, 1890, in so far as that Act relates to that Dominion, and may then establish Admiralty Courts under its own laws.

117. We think it highly desirable to emphasise that so far as is possible there should be uniform jurisdiction and procedure in all

Admiralty Courts in the British Commonwealth of Nations subject, of course, to such variations as may be required in matters of purely local or domestic interest.

118. His Majesty's Government in the United Kingdom have recently signed the International Conventions with regard to mortgages and liens and limitation of liability which were prepared at Brussels, and in this connection we would point out that the following Resolution was passed by the Imperial Conference of 1926 :—

“ The Imperial Conference notes with satisfaction that progress which has been made towards the unification of maritime law in regard to the limitation of shipowners' liability and to maritime mortgages and liens by the preparation at Brussels of draft International Conventions on these subjects, and, having regard particularly to the advantages to be derived from uniformity, commends these Conventions to the consideration of the Governments of the various parts of the Empire.”

119. To enable these Conventions to be ratified considerable changes will be necessary in the existing law in the United Kingdom with regard to Admiralty matters. We think it desirable that all Dominions should consider the changes proposed by the Conventions, and, if the Dominions or any of them adopt them, the opportunity might be taken, having regard to the fact that the new legislation will be necessary, of endeavouring to come to some agreement that uniformity should exist upon all matters of Admiralty jurisdiction and procedure, and for this purpose it would seem that the law of the United Kingdom might form a useful basis for such an agreement.

(3) Recommendations as to legislation to be enacted by the Parliament of the United Kingdom with respect to Sections 735 and 736 of the Merchant Shipping Act, 1894, and the Colonial Courts of Admiralty Act, 1890.

120. The clauses which we have recommended to be enacted by the Parliament of the United Kingdom with relation to the extra-territorial operation of Dominion legislation and the Colonial Laws Validity Act, 1865, are intended to be applicable to Merchant Shipping legislation and the Colonial Courts of Admiralty Act, 1890, as well as to other legislation of the Parliament of the United Kingdom.

121. The Merchant Shipping Act, 1894, by Section 735, now confers upon the Parliament of a Dominion a limited power of repeal. The power of repeal with regard to Merchant Shipping Acts under the new position will, however, be covered by the wider power of repeal contained in the general clause which we have recommended.

122. Moreover, Sections 735 and 736 of the Merchant Shipping Act, 1894, and Sections 4 and 7 of the Colonial Courts of Admiralty Act, 1890, contain provisions for reservation which should no longer be applicable to legislation passed by a Dominion Parliament.

123. In order to make the above position clear and to remove any doubts which may exist, we recommend that a clause in the following terms should be inserted after the above-mentioned general clauses in the Act to be passed by the Parliament of the United Kingdom :—

Without prejudice to the generality of the foregoing provisions of this Act—

(1) Sections seven hundred and thirty-five and seven hundred and thirty-six of the Merchant Shipping Act, 1894, shall be construed as though reference therein to the Legislature of a British possession did not include reference to the Parliament of a Dominion.

(2) Section four of the Colonial Courts of Admiralty Act, 1890 (which requires certain laws to be reserved for the signification of His Majesty's pleasure or to contain a suspending clause), and so much of Section seven of that Act as requires the approval of His Majesty in Council to any rules of Court for regulating the practice and procedure of a Colonial Court of Admiralty, shall cease to have effect in any Dominion as from the commencement of this Act.

(4) India.

124. Subject to certain special provisions of the Merchant Shipping Acts, the legislative powers of the Indian Legislature are governed by the Government of India Act, and general statements regarding the position of the Dominions in matters of merchant shipping and Admiralty Court legislation may therefore not be entirely applicable in the case of India. At the same time, as the position of India in these matters has always been to all intents and purposes identical with that of the Dominions, it is not anticipated that there would be any serious difficulty in applying the principles of our recommendations to India, and we suggest that the question of the proper method of so doing should be considered by His Majesty's Government in the United Kingdom and the Government of India.

PART VII.—SUGGESTED TRIBUNAL FOR THE DETERMINATION OF DISPUTES.

125. We felt that our work would not be complete unless we gave some consideration to the question of the establishment of a tribunal as a means of determining differences and disputes between members of the British Commonwealth. We were impressed with the advantages which might accrue from the establishment of such a tribunal. It was clearly impossible in the time at our disposal to do more than collate various suggestions with regard first to the constitution of such a tribunal, and, secondly, to the jurisdiction which it might exercise. With regard to the former, the prevailing view was that any such tribunal should take the form of an *ad hoc* body selected from standing panels nominated by the several members of the British Commonwealth. With regard to the latter, there was general agreement that the jurisdiction should be limited to justiciable issues arising between governments. We recommend that the whole subject should be further examined by all the governments.

PART VIII.—CONCLUSION.

126. It will, we trust, be apparent from the recommendations of our report that we have endeavoured to carry out the principles laid down by the Imperial Conference of 1926. The recommendations submitted have been framed with the object of carrying into full effect the equality of status established as the root-principle governing the relations of the members of the Commonwealth, and indicating methods for maintaining and strengthening the practical system of free co-operation which is its instrument.

127. We have sought to the best of our ability to perform our task and we commend our proposals to His Majesty's Governments.

128. We desire to express our very warm appreciation, and that in no mere formal sense, of the assistance which we have received throughout from the Secretaries to the Conference. The nature of our work has involved an unusual tax upon their energy, skill,

and resourcefulness and we have all had occasion to recognise the value of their co-operation.

For the delegation of the United Kingdom of Great Britain and Northern Ireland.

PASSFIELD.
WILLIAM A. JOWITT.

For the delegation of the Dominion of Canada.

E. LAPOINTE.

For the delegation of the Commonwealth of Australia.

W. HARRISON MOORE.

For the delegation of the Dominion of New Zealand.

C. J. PARR.

For the delegation of the Union of South Africa.

F. W. BEYERS.

For the delegation of the Irish Free State.

P. MCGILLIGAN.

For the delegation of the Government of India for such parts of the Report as relate to India.

B. K. MULLICK.

ANNEX.

Colonial Laws Validity Act, 1865.

(28 & 29 Vic. c. 63.)

An Act to remove Doubts as to the Validity of Colonial Laws.

[29th June, 1865.]

Whereas Doubts have been entertained respecting the Validity of divers Laws enacted or purporting to have been enacted by the Legislatures of certain of Her Majesty's Colonies, and respecting the Powers of such Legislatures, and it is expedient that such Doubts should be removed :

Be it hereby enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the same, as follows :—

(1) The Term " Colony " shall in this Act include all of Her Majesty's Possessions abroad in which there shall exist a legislature, as hereinafter defined except the Channel Islands, the *Isle of Man*, and such Territories as may for the Time being be vested in Her Majesty under or by virtue of any Act of Parliament for the Government of *India* ;

The Terms " Legislature " and " Colonial Legislature " shall severally signify the Authority, other than the Imperial Parliament or Her Majesty in Council, competent to make Laws for any Colony :

The Term " Representative Legislature " shall signify any Colonial Legislature which shall comprise a Legislative Body of which One Half are elected by inhabitants of the Colony :

The Term " Colonial Law " shall include Laws made for any Colony either by such Legislature as aforesaid or by Her Majesty in Council :

An Act of Parliament, or any Provision thereof, shall, in construing this Act, be said to extend to any Colony when it is made applicable to such Colony by the express Words or necessary Intendment of any Act of Parliament :

The Term " Governor " shall mean the Officer lawfully administering the Government of any Colony :

The Term " Letters Patent " shall mean Letters Patent under the Great Seal of the United Kingdom of *Great Britain* and *Ireland*.

Definitions.
" Colony:"" Legisla-
ture," " Colo-
nial Legis-
lature:"" Represen-
tative Legis-
lature:"" Colonial
Law:"Act of
Parliament,
etc., to
extend to
Colony
when made
applicable to
such Colony:" Gover-
nor:"" Letters
Patent:"

Colonial
Law when
void for
Repugnancy.

(2) Any Colonial Law which is or shall be in any respect repugnant to the Provisions of any Act of Parliament extending to the Colony to which such Law may relate, or repugnant to any Order or Regulation made under Authority of such Act of Parliament, or having in the Colony the Force and Effect of such Act, shall be read subject to such Act, Order, or Regulation, and shall, to the Extent of such Repugnancy, but not otherwise, be and remain absolutely void and inoperative.

Colonial
Law when
not void for
Repugnancy.

(3) No Colonial Law shall be or be deemed to have been void or inoperative on the Ground of Repugnancy to the Law of *England*, unless the same shall be repugnant to the Provisions of some such Act of Parliament, Order or Regulation as aforesaid.

Colonial
Law not void
for inconsis-
tency with
Instructions.

(4) No Colonial Law, passed with the Concurrence of or assented to by the Governor of any Colony, or to be hereafter so passed or assented to, shall be or be deemed to have been void or inoperative by reason only of any Instructions with reference to such Law or the Subject thereof which may have been given to such Governor by or on behalf of Her Majesty, by any Instrument other than the Letters Patent or Instrument authorizing such Governor to concur in passing or to assent to Laws for the Peace, Order, and good Government of such Colony, even though such Instructions may be referred to in such Letters Patent or last-mentioned Instrument.

Colonial
Legislature
may
establish,
etc. Courts
of Law.
Representa-
tive Legisla-
ture may
alter Consti-
tution.

(5) Every Colonial Legislature shall have, and be deemed at all Times to have had, full Power within its Jurisdiction to establish Courts of Judicature, and to abolish and reconstitute the same, and to alter the Constitution thereof, and to make Provision for the Administration of Justice therein; and every Representative Legislature shall, in respect to the Colony under its Jurisdiction, have, and be deemed at all Times to have had, full Power to make Laws respecting the Constitution, Powers, and Procedure of such Legislature; provided that such Laws shall have been passed in such Manner and Form as may from Time to Time be required by any Act of Parliament, Letters Patent, Order in Council, or Colonial Law for the Time being in force in the said Colony.

Certified
Copies of
Laws to be
Evidence
that they are
properly
passed.
Proclama-
tion to be
Evidence of
Assent and
Disallow-
ance.

(6) The Certificate of the Clerk or other proper Officer of a Legislative Body in any Colony to the Effect that the Document to which it is attached is a true Copy of any Colonial Law assented to by the Governor of such Colony, or of any Bill reserved for the Signification of Her Majesty's Pleasure by the said Governor, shall be *prima facie* Evidence that the Document so certified is a true Copy of such Law or Bill, and, as the Case may be, that such Law has been duly and properly passed and assented to, or that such Bill has been duly

and properly passed and presented to the Governor; and any Proclamation purporting to be published by Authority of the Governor in any Newspaper in the Colony to which such Law or Bill shall relate, and signifying Her Majesty's Disallowance of any such Colonial Law, or Her Majesty's Assent to any such reserved Bill as aforesaid, shall be *prima facie* Evidence of such Disallowance or Assent.

And whereas Doubts are entertained respecting the Validity of certain Acts enacted or reputed to be enacted by the Legislature of *South Australia*: Be it further enacted as follows:

(7) All Laws or reputed Laws enacted or purporting to have been enacted by the said Legislature, or by Persons or Bodies of Persons for the Time being acting as such Legislature, which have received the Assent of Her Majesty in Council, or which have received the Assent of the Governor of the said Colony in the Name and on behalf of Her Majesty, shall be and be deemed to have been valid and effectual from the Date of such Assent for all Purposes whatever; provided that nothing herein contained shall be deemed to give Effect to any Law or reputed Law which has been disallowed by Her Majesty, or has expired, or has been lawfully repealed, or to prevent the lawful Disallowance or Repeal of any Law.

Certain Acts
enacted by
Legislature
of South
Australia
to be valid. ✓